



Table with exchange rates and other financial data for various countries.

Red Army Retreats From Empire to Face New Battles at Home

By Jim Hoagland Washington Post Service WASHINGTON — Nearly half a century after the Red Army drove into the heart of Europe to capture Berlin and turn the Soviet Union into a global superpower, Russia is dismantling its military machine abroad...

cadence set by commanders who bite back the bitterness, humiliation and anxiety they feel. "The Russian military seems determined to show us they can handle this problem," says a German official who monitors the army's withdrawal in minute detail. "Everything ex-

troops out of Germany is balanced by a ragged and increasingly uncertain pullback from the former Soviet republics that ring Russia. Suddenly, it is from the Caucasus and Central Asia, and from separatist movements within Russia itself, that the threat to Russia's survival comes.

fronting the 25 million Russian civilians stranded in the former Soviet republics. Earlier interviews in Germany, Estonia and elsewhere in Europe confirmed this uneven pattern of Russian withdrawal and the explosive consequences for the rest of the world of a failed or abandoned retreat.

Yeltsin Warns Moscow May Intervene in Ethnic Unrest

In Message to Moldova, He Says Russia Must Act To Defend Its People

By Steven Erlanger New York Times Service MOSCOW — President Boris N. Yeltsin of Russia returned here Sunday from a successful week in the West to issue a warning about growing Russian impatience with fierce ethnic fighting along the southern rim of the former Soviet empire.

The Vicious Twist Of Death in Bosnia A Cycle of Ethnic Massacres And Revenge Spreads Fear

By John F. Burns New York Times Service SARAJEVO, Bosnia-Herzegovina — Toward dusk a week ago, a bus carrying 56 Muslims from the village of Abatovici, who were being held by Serbian gunmen, halted on a mountain road north of here.



A Moldovan soldier running back from the front line in Bendery on Sunday. Separatist troops were reported to have regained control of most of the town.

Behind South African Violence, a Deeper Rage

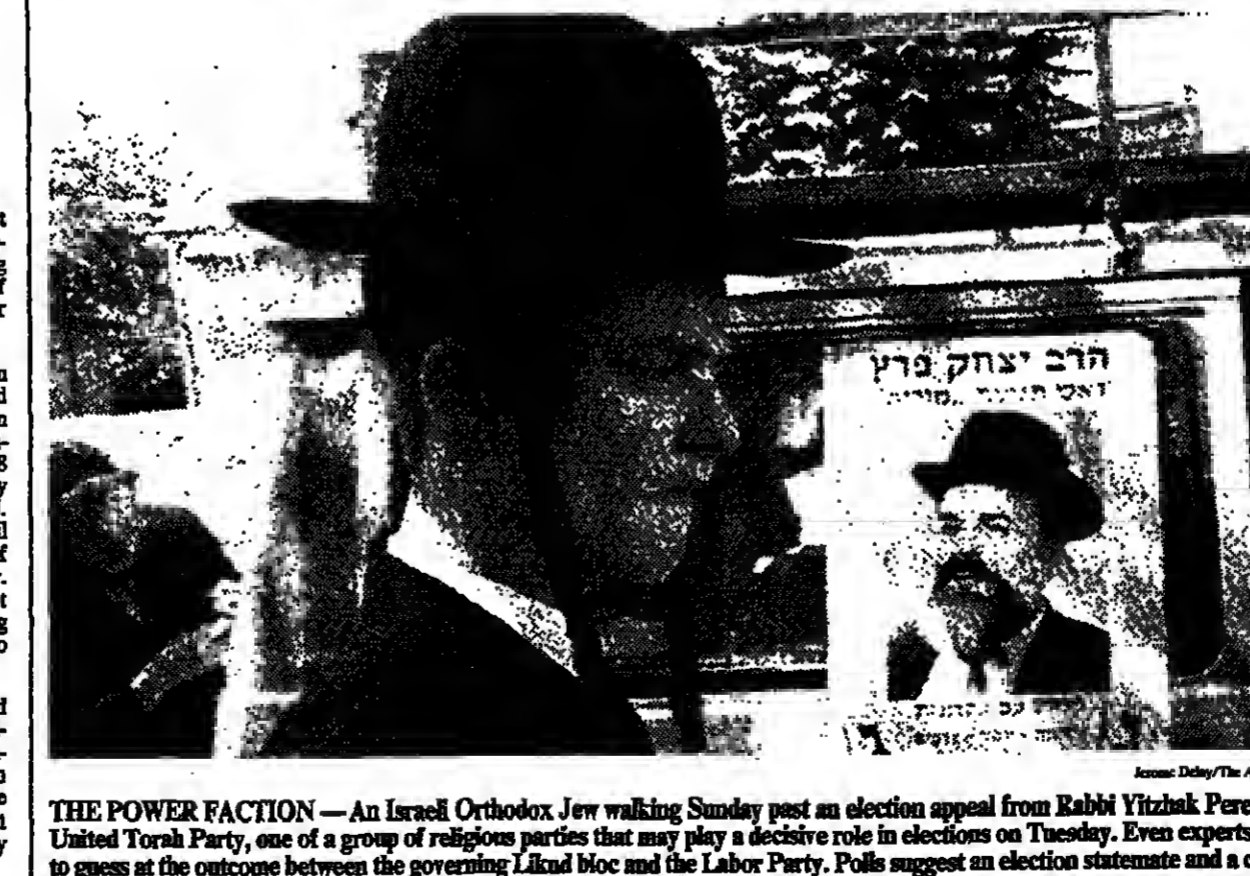
By Bill Keller New York Times Service JOHANNESBURG — Among the bitter placards that greeted President Frederik W. de Klerk on his visit to the Boipatong massacre site on Saturday was one that bypassed the anger of the moment to tap a deeper rage.

representative of black interests, told cheering followers in the southern Transvaal on Sunday that his executive committee would meet on Tuesday to consider withdrawing from multilateral talks.

long, hinted of a return to the national state of emergency that was lifted two years ago in one of his first conciliatory moves.

Kiosk Baker Cheers Russia Accord. WASHINGTON (UPI) — Secretary of State James A. Baker 3d hailed the latest U.S.-Russia arms accord on Sunday as "the most significant arms reduction agreement ever negotiated."

For Perot, Years Of Digging on Bush. In the next year, Mr. Perot launched what would become a series of investigations, continuing until recent months, in pursuit of information that might uncover improper conduct by Mr. Bush.



THE POWER FACTION — An Israeli Orthodox Jew walking Sunday past an election appeal from Rabbi Yitzhak Peretz of the United Torah Party, one of a group of religious parties that may play a decisive role in elections on Tuesday.

Fare Break For Travel In Europe

By Charles Goldsmith International Herald Tribune BRUSSELS — The European Community's plan to liberalize air travel, expected to be adopted on Monday, will offer lower prices and a wider choice of routes to consumers accustomed to restrictive national rules.

Monday Q&A. Lord Wilson, the departing governor of Hong Kong, takes a look beyond 1997.

Good-Bye Wall Street, Hello Prague (Or: Let's Make a Deal)

By Roger Cohen New York Times Service PRAGUE — "O.K. you ex-Commiss, let's rock and roll!" The voice of Axl Rose of the Guns 'n' Roses rock band boomed across the huge Spartakiad Stadium, built to display the prowess of Communist athletes but now holding a hirsute mass of newly capitalist youths apparently intent on recreating Woodstock.

What else to do on a spring night in Prague when you have left your wife and children behind in Manhattan or Connecticut, abandoned the likes of Dean Witter in midcareer and given yourself to a lonely For Russia, a proposal to form a Western corps of experts to provide hands-on aid.

myself whether I could go to my grave having done just one thing or, having hit 40, should I try something else?" said Alistair Keith, 45, a former partner at Brown Brothers Harriman. "And the thing that decided me when I came here was that, amid a total shambles, there was this incredible enthusiasm coming from actually helping to transform a country."

European Soccer Championship Sunday's Play Germany 3, Sweden 2 Sports, Page 17

See PEROT, Page 4. See MANDELA, Page 6. See YELTSIN, Page 4. See BOSNIA, Page 4. See CAPITAL, Page 13. See AIRLINES, Page 2.

# Signs of Growing Unrest, and Repression, Mount in Tibet

By Nicholas D. Kristof  
New York Times Service

BEIJING — Pro-independence protests in Tibet have multiplied in the last few months, despite harsh repression, and for the first time there are reliable reports of significant unrest in the Tibetan countryside.

Demonstrations against Chinese rule have periodically occurred in the last five years in the Tibetan capital, Lhasa, and occasionally in other large cities. But now the protests seem to be more frequent in Lhasa and are spreading to remote areas and isolated monasteries not previously involved in political activities.

"We're not seeing explosions, but a bubbling over a much wider area than before," said Robert Barnett, the coordinator of the Tibet Information Network, an independent London-based monitoring group.

He said that since the beginning of this year the authorities had made at least 69 arrests of monks and others in county towns, villages and remote monasteries. Those arrested were apparently accused of pro-independence activities like putting up illegal posters.

In addition, he said, at least six monks and nuns from small monasteries with no previous history of activism were arrested in Lhasa on May 16 after going there to take part in demonstrations. There has been a flurry of small protests in Lhasa recently, with at least five demonstrations in May alone.

China maintains that Tibet has been an inseparable part of its territory since the 13th century, but Tibetans note that the region was in effect independent in the decades before the Chinese invasion in 1950.

Scholars and diplomats generally believe that sentiment for independence is widespread, especially in the cities.

Troops have violently crushed periodic pro-independence demonstrations in the last five years. Human-rights groups, including Amnesty International and Asia Watch, say torture is common and punishments harsh. A teacher is serving a five-year term for writing a "reactionary" song on a blackboard, and a doctor got 13 years for compiling lists of detainees.

China almost never allows Western journalists to visit Tibet, and in a sign of nervousness it recently refused to admit some other visitors as well. In early April, the authorities denied visas to two American senators, Claiborne Pell, Democrat of Rhode Island, and David L. Boren, Democrat of Oklahoma.

A week later, China told members of an

Austrian delegation to postpone their trip to Tibet, even though they were personally invited in January by Prime Minister Li Peng.

A Chinese who recently visited Lhasa said that the atmosphere did not seem particularly tense, but that on May 15 the police beat up 12 to 15 monks who had shouted independence slogans outside the Jokhang Temple there. The police then arrested a few of the monks, but the main goal was to beat up the monks in public to deter others, the Chinese said.

Another incident certain to worry the authorities is a protest reported in May at the main monastery in the city of Shigatse, where monks are examining several babies who are candidates to be declared the 11th incarnation of the Panchen Lama. The Panchen Lama is the most important figure in Tibet after the Dalai Lama, who lives

in exile and is bitterly critical of Chinese rule.

The 10th Panchen Lama died early in 1989, and since then the search for the boy chosen as the next incarnation has been beset with secrecy and occasional intrigue. The demonstration in Shigatse was organized by monks who asserted that they would choose a new Panchen Lama only with the approval of the Dalai Lama, making it more difficult for China to influence the process and encourage the selection of a boy with ties to pro-Chinese Tibetans.

Jigme Ngapso, the political analyst of the Washington-based International Campaign for Tibet, said he, too, had reports of growing unrest in both Lhasa and the countryside. He said Tibetans might be taking advantage of recent official calls for more openness to press their demands for independence.

## WORLD BRIEFS

### Israel Withdraws Threat to Arrest Palestinians Who Met With Arafat

JERUSALEM (Reuters) — Israel backed down on Sunday from its threat to arrest a group of Palestinians who had in Jordan with Yasser Arafat, the head of the Palestine Liberation Organization.

A police spokeswoman, Tami Paul-Cohen, said they would be questioned on their return from Jordan, but added, "They won't be arrested." She left open an option the police might take legal steps later, saying, "They will be investigated."

A Palestinian spokeswoman, Hanaan Ashrawi, speaking in Amman where she and other PLO leaders met with Mr. Arafat on Thursday, said she hoped the softening of Israel's arrest threat meant it was reconsidering its ban on all contacts with the PLO.

The Israeli newspaper Ha'aretz reported that the United States had urged Israel to respond in the case with restraint to avoid wrecking Arab-Israeli peace talks.

### Iran Paper Warns of New Hostages

TEHRAN (AFP) — An influential Tehran newspaper warned Sunday that pro-Iranian forces in Lebanon might seize more Western hostages if the situation in the Middle East remained unchanged.

The Tehran Times said, "If the legitimate rights of the Palestinian people are not officially recognized, if Israel continues its aggressions on other countries in the region, if the West blindly and unconditionally supports such aggressions, the German hostages undoubtedly will not be the last batch of Western hostages held by Lebanese groups."

The English-language daily was referring to the release Wednesday of two German aid workers, Thomas Kempton and Heinrich Striffling, the last Western hostages in Lebanon. The paper stressed that three Iranian diplomats and their driver were still missing in Lebanon, and that Israel was holding hundreds of Lebanese and Palestinians.

### Honecker May Ask Asylum in Russia

BONN (Reuters) — Erich Honecker, the former East German leader, will apply soon to Russia for asylum, according to Kurier am Sonntag. The newspaper quoted his advisers as saying that Mr. Honecker knew the details of an indictment against him and that his lawyers hoped to prove that he would be involved in a political trial, fulfilling a basic precondition for an asylum request.

Germany issued an arrest warrant for Mr. Honecker in 1990 on manslaughter charges relating to shoot-to-kill orders to former East German border guards. He is held responsible for the deaths of East Germans fleeing to the West.

The hard-line Communist leader, toppled in 1989, fled in March 1991 to Moscow, where he remains at the Chilean Embassy. Germany has repeatedly demanded his return, but Russian authorities have said they cannot arrest him. If his asylum application is rejected, the newspaper said, Mr. Honecker intends to appeal to a Russian court, a process that could take two years.

### 13 Lost as Ship Sinks Off Malaysia

PORT KLANG, Malaysia (Reuters) — A chemical-carrying tanker was sinking off Port Klang on Sunday after explosions and a fire left 13 people dead or missing, rescue officials said. "The ship is half submerged," an official said.

Fire fighters and port workers were spraying foam to contain the spills, which were endangering a nearby village. Rescuers have feared that 400 tons of styrene, a highly flammable and toxic petrochemical, could be discharged into the river mouth.

Seven Indonesians, a Singaporean and five Malaysians were dead or missing.

## TRAVEL UPDATE

### Farmers Set to Block Access to Paris

PARIS (AFP) — French farmers, angry at changes in the European Community's common agricultural policy, plan to throw up a blockade around Paris on Monday night.

Tractors and trucks would be used to cut off access to the capital within a radius of about 50 kilometers (30 miles), organizers said. Access to Orly and Charles de Gaulle airports from Paris is not expected to be affected.

Amtrak, facing a possible strike this week, is canceling or shortening operation of most long-distance trains; the cutbacks will be rescheduled if a settlement is reached before a strike deadline midnight Tuesday.

Japan denied entry to a total 2,137 foreigners from 83 countries last year, an all-time high and nearly double the number for the previous year, the Justice Ministry said Sunday. Most were refused entry because they were suspected of being potential illegal workers on tourist visas.

Chinese citizens returning from abroad will be able to leave the country again without going through exit formalities if they have valid passports and visas for another country. The Xinhua news agency said the new, simplified rules will take effect July 1.

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Venezuela.

TUESDAY: Luxembourg.

WEDNESDAY: Andorra, Macao, Venezuela, Zaire.

THURSDAY: Mozambique.

FRIDAY: Madagascar, Somalia.

SATURDAY: Djibouti.

Sources: J.P. Morgan, Reuters.

## 'A Very Realistic Society'

### Hong Kong's Outgoing Governor Looks Beyond '97

Lord Wilson has been governor of Hong Kong since 1987. Early next month, he will be succeeded by Chris Patten, former British Conservative Party chairman. In one of his last interviews in office, he spoke with John Vinocur and Laurence Zuckerman of the IHT.

Q. What will Hong Kong be like 10 years from now, in 2007?

A. I don't have a crystal ball, but I will describe what I hope Hong Kong will be 10 years from now. That is the powerhouse, particularly in the service sector, of the rapid economic development of

### MONDAY Q&A

southern China. We can see that going on at the moment and in my judgment it is going to go on well into the next century.

Q. You did not say a shining pole of democratic life. Why is that?

A. I answered the question as I thought it would come out as most significant. You want me to say it's going to be a shining example of a democratic way of life. I would say, it is going to be a shining example of the success of the capitalist economic system. We are not, in terms of political development, the same as North America or Western Europe. We are an evolving political system.

Q. But evolution doesn't occur if there is someone to say stop. Will Hong Kong continue its political evolution after 1997?

A. The answer is yes. That is already laid down in the Chinese Basic Law for what happens after 1997.

Q. In a recent report, the International Commission of Jurists condemned Britain for denying Hong Kong people their right of self-determination and concluded that the Basic Law is undemocratic. What is your defense?

A. I sometimes wonder if the people who write some of the commentaries on Hong Kong live in the real world. It has never been an option of Hong Kong to have independence. It has not been a demand from anyone that I am aware of, because Hong Kong is a very realistic society. That is one of its immense strengths. If one sits down and looks realistically at the situation that existed from 1982 to 1984, during the negotiations about the future, any serious-minded person would see that trying to achieve the continuity of the key areas of Hong Kong was not an option. It was not a demand. What was necessary was to try to make sure that the way of life in Hong Kong went on.

Q. But hasn't the Joint Declaration been eroded by Beijing's interference in Hong Kong's affairs?

A. I don't think any of those assurances have been eroded. Now I don't want to suggest that our



Prince Norodom Sihanouk, left, with the Khmer Rouge's Khieu Samphan in Tokyo before the talks.

## Their Role in Talks Unclear, Khmer Rouge Arrive in Tokyo

By David E. Sanger  
New York Times Service

TOKYO — Prince Norodom Sihanouk and leaders of the factions controlling Cambodia under United Nations supervision met in private sessions Sunday, as a conference on reconstructing was overshadowed by fears that the Khmer Rouge's refusal to disarm could shatter the process aimed at ending a generation of war.

When the conference's main session begins on Monday, Japan, the United States and other architects of the Paris peace accord last year are expected to pledge aid to rebuild the country, with Tokyo rumored to be offering from \$150 million to \$200 million. The UN secretary-general, Boutros Boutros Ghali, has said \$600 million is needed for the first stage of rebuilding the country's infrastructure.

But some of the aid is likely to be contingent on the successful completion of the second phase of the peace accord, in which all four factions in the Cambodian civil war place their soldiers under UN supervision and begin to disarm.

So far the Khmer Rouge, the Maoist-inspired rebels who killed more than a million Cambodians when they controlled the country in the 1970s, have refused to enter the UN camps. They insist they will not abide by the peace treaty, of which they are a signatory, until they receive guarantees that Vietnam has pulled all of its troops out of Cambodia. Vietnam ousted the Khmer Rouge in 1979 and installed the current government of Prime Minister Hun Sen, but says that its troops left the country in 1989.

Most diplomats in Cambodia agree that there is no trace of the Vietnamese Army.

For the Japanese, the conference comes at a critical time. Last week the country finally passed a bill that will allow it, under limited conditions, to join UN peacekeeping forces. The first Japanese troops to be deployed under the

## Yeltsin May Reveal Data on KAL Downing

Agence France-Press

SEOUL — President Boris N. Yeltsin of Russia is expected to reveal the findings of a new investigation into the 1983 downing of a South Korean jetliner when he vis-

its Seoul in September, press reports said Sunday.

The Korea Times quoted government sources as saying that Russia had been making its "best efforts" to clarify the circumstances in

**BREITLING**  
1884  
INSTRUMENTS FOR PROFESSIONALS

CHRONO SHARK  
A dependably rugged, high-precision chronograph with timing to 1/10th of a second and intermediate time display. Excellent legibility even at night. Fast-action timezone changes. Battery end-of-life indicator. Screw-tightened crown. Water-resistant down to 100 meters. Rotating bezel.

BREITLING MONTRES SA  
P.O. Box 1132  
SWITZERLAND - 2540 GRENCHEN  
Tel.: 65/51 11 31  
Fax: 65/53 10 09

**UNIVERSITY DEGREE**  
BACHELORS • MASTERS • DOCTORATE

For Work, Life and Academic Experience • No Classroom Attendance Required  
(310) 471-0306  
FAX: (310) 471-6456

Call or write for information or send detailed resume for Free Evaluation

Pacific Western University  
500 N Sepulveda Blvd, Dept 23  
Los Angeles, CA 90049

Keeping track of bulls and bears is bearable with Lobster Thermidor

I believe in mixing business with pleasure especially when the pleasure is Lobster Thermidor, flip flops and the deep blue sea.

**PENANG MUTIARA**  
5-STAR BEACH RESORT  
PENANG MALAYSIA

Julian Tubb Building, 11800 Penang Malaysia  
Telephone: 604-221-2222 Fax: 604-221-2222  
Managed by SINGAPORE HOLIDAY INTERNATIONAL  
and "The Leading Hotels of the World"

## AIRLINES: Rules to Ease in EC

(Continued from page 1)

allow an airline meeting capital and safety requirements to be established anywhere in the Community providing it is at least 50-percent owned by EC citizens, so governments could not use discriminatory licensing to prevent free competition.

"This will drastically change the European aviation scene," said Karl-Heinz Neumeister, secretary-general of the 23-member Association of European Airlines. "It would mean that any EC individual or consortium could establish an airline in any part of the EC territory and request access on the respective routes."

Because of the cost of establishing a new airline, some analysts expect existing carriers initially to set up new "hubs" in other EC countries, perhaps through partial acquisitions, such as Air France's recent 37.5 percent stake in Sabena.

Airlines will also be allowed to carry passengers between two cities in another EC country through a privilege known as "cabotage." Officials say this will ensure competition on domestic routes now served only by a single national flag carrier.

The cabotage provision has proved to be the most contentious element, because larger countries with attractive domestic markets have resisted the EC Commission's initial proposal to allow full cabotage rights beginning Jan. 1, 1993.

As a result, there will be a transition period in which only "consecutive cabotage" will be allowed, so an airline can pick up passengers in another EC member state only if the flight originated in the carrier's home country. For example, KLM Royal Dutch Airlines could fly from Amsterdam to Paris, then pick up passengers in Paris before continuing to Nice.

Full cabotage would allow KLM to fly the Paris-Nice route without

## The Weather

Forecast by Time for the Next 24 Hours

Legend: ☀ Sunny ☁ Partly Cloudy ☁ Overcast ☁ Heavy Rain ☁ Heavy Snow

**North America**  
Cool weather for early summer will last late in the week from the middle USA into southeastern Canada. Showers are possible in Chicago Tuesday and in New York City Wednesday. Thunderstorms may hit Houston and New Orleans Tuesday.

**Europe**  
The western Mediterranean lands will remain cloudy and cooler than usual through midweek. A few showers are likely. Showers are possible Tuesday from Munich to Paris and in southern Scandinavia. Heavy weather likely in London and Berlin.

**Asia**  
Rain will douse western Japan Tuesday, and will begin in Tokyo by Wednesday. In Seoul, it will be partly sunny and warm. A thunderstorm may strike Beijing Tuesday and rain is likely in Shanghai Wednesday. Stormy heat will persist in Hong Kong.

Region	City	Today	Tomorrow
Europe	Amsterdam	24/15	18/12
	Brussels	21/12	15/10
	London	18/12	12/8
	Paris	18/12	12/8
	Rome	22/14	16/10
	Madrid	21/12	15/10
	Stockholm	18/12	12/8
	Warsaw	18/12	12/8
	Zurich	18/12	12/8
	Vienna	18/12	12/8
Asia	Bangkok	32/26	31/25
	Hong Kong	30/26	29/25
	Manila	30/26	29/25
	Seoul	28/18	27/18
	Tokyo	28/18	27/18
	Beijing	28/18	27/18
	Shanghai	28/18	27/18
	Singapore	30/26	29/25
	Thailand	30/26	29/25
	Yokohama	28/18	27/18
Africa	Algiers	28/18	27/18
	Cairo	28/18	27/18
	Harare	28/18	27/18
	Johannesburg	28/18	27/18
	Lagos	28/18	27/18
	Nairobi	28/18	27/18
	Accra	28/18	27/18
	Abuja	28/18	27/18
	Windhoek	28/18	27/18
	Luanda	28/18	27/18
South America	Buenos Aires	28/18	27/18
	Sao Paulo	28/18	27/18
	Montevideo	28/18	27/18
	Caracas	28/18	27/18
	Port of Spain	28/18	27/18
	Quito	28/18	27/18
	Lima	28/18	27/18
	Bogota	28/18	27/18
	Medan	28/18	27/18
	Manila	28/18	27/18
Middle East	Beirut	28/18	27/18
	Cairo	28/18	27/18
	Doha	28/18	27/18
	Houston	28/18	27/18
	Jakarta	28/18	27/18
	London	28/18	27/18
	Los Angeles	28/18	27/18
	Manila	28/18	27/18
	Medan	28/18	27/18
	Montevideo	28/18	27/18
Oceania	Auckland	17/8	12/8
	Brisbane	17/8	12/8
	Christchurch	17/8	12/8
	Honolulu	17/8	12/8
	Los Angeles	17/8	12/8
	London	17/8	12/8
	Manila	17/8	12/8
	Medan	17/8	12/8
	Montevideo	17/8	12/8
	Port of Spain	17/8	12/8

Legend: ☀ Sunny ☁ Partly Cloudy ☁ Overcast ☁ Heavy Rain ☁ Heavy Snow  
All times, local time and date by Area-Weather, Inc.

Income Tax  
Chalines

AMERICAN  
PERS

For in

adding to

# Clinton Tax Plan Aims at Rich

## Manifesto Outlines \$300 Billion in Savings

**LITTLE ROCK, Arkansas** — Bill Clinton called Sunday for substantially higher taxes on the rich, to finance a "putting people first" economic and social agenda of expanded education and job training programs, radically altered welfare and more affordable health care.

In a manifesto for the campaign, Mr. Clinton also dropped the 10 percent middle-income tax cut proposal he had advocated strongly during the winter months. In its place is a proposal for middle-class taxpayers to choose between an increased tax credit based on the number of children they have, and a "significant reduction" in taxes.

The Clinton campaign did not immediately furnish details of how the middle-class tax relief would come about.

In all, he outlined roughly \$300 billion in savings to help reduce the deficit, not counting savings from health care reform. Slightly more than half would come from tax increases on the wealthy and corporations, and slightly less than half from spending cuts.

Mr. Clinton also outlined several measures to end what he called "an extended hunting season for high-priced lobbyists and Washington

influence peddlers." Among them was legislation to end the current tax exemption for "special interest lobbying expenses."

He timed the release of his proposal to coincide with his appearance Sunday night at a town-hall meeting in Atlanta and his trip to Houston on Monday for the convention of the U.S. Conference of Mayors.

Mr. Clinton said he would reduce the federal budget deficit by half within four years through \$360 billion in spending cuts, taxing profits that foreign companies earn in the United States, implementing health-care reform and raising taxes on the rich.

The biggest tax increase would fall on the wealthiest 2 percent of wage earners. In all, their taxes would rise by \$17.8 billion next year through high tax rates, a minimum tax and a millionaire's surtax. Those earning more than \$125,000 would also face higher Medicare costs.

He proposed using the money to create jobs in the communications, transportation and environmental sectors of the economy. He also proposed urban enterprise zones and other steps to revitalize urban areas.

Other steps he outlined:

- On welfare, Mr. Clinton called for a two-year program to offer welfare recipients education, training and child care. "After that, those who can work will have to go to work, either by taking a job in the private sector, or through community service." He also renewed his call for legislation granting workers 12 weeks of unpaid leave to care for a new child or a sick relative, and said he would use the Internal Revenue Service to collect child support from delinquent fathers.
- On education, he renewed his call for greater funding for Head Start and other early childhood education programs, and for parents to choose the public schools their children attend. He also included his earlier proposal for federally funded education loans, to be repaid by the recipient, whether through community service or reimbursement.
- His health-care recommendations included caps on rising costs, and phased-in universal coverage. "Companies will be required to insure their employees, with federal assistance in the early years." He also called for punishing drug companies that raise prices faster than income goes up, and for insurance industry reforms.
- The spending cuts total \$140 billion over four years, and \$26 billion for next year. They include a call for a line-item veto authority — highly unpopular among Democrats in Congress — that he said he would use to cut nearly \$4 billion in wasteful spending next year. Defense and intelligence spending would be cut by \$11 billion, in part through various reforms. Tax increases would total \$155 billion over four years, nearly two-thirds of them borne by wealthy Americans.
- A so-called "revolution in government" would eliminate 100,000 federal jobs through attrition, bring about campaign finance reform, end the tax break for lobbyists and tighten restrictions on lobbying by former government officials.



**RUNNING WITH THE CROWD** — President George Bush talking with a fan, part of a group that gathered around as he tried to get in some jogging along the beach at Corona Del Mar, California.

# Hope Fades in U.S. For Successful Plan To Depose Saddam

By Caryle Murphy and R. Jeffrey Smith

Washington Post Service

**WASHINGTON** — The Bush administration has concluded that it has no suitable plan to overthrow President Saddam Hussein in Iraq, whose power appears stronger now than it was 16 months ago after the Gulf War defeat.

The United States continues to give financial and technical assistance to Iraqi opponents of President Saddam, the sources said. But Washington has been cautioning them that it is not ready to provide military support, not even air cover, for any operation they try to mount against the Baghdad leader, the officials said.

The reluctance to participate actively in any plot by providing military assistance, as sought by some Iraqi dissidents, reflects a U.S. intelligence community consensus that President Saddam remains firmly in control, and that no outside efforts to depose him are likely to succeed.

They said the latest version of the U.S. National Intelligence Estimate on Iraq, completed a week ago by the Central Intelligence Agency and other agencies, repudiates contentions by senior U.S. officials five months ago that the Iraqi leader's hold on power was weakening.

A Washington official, noting what he called the Bush administration's poor track record in its endeavors against President Saddam, said: "It turns out that Saddam knew Iraq better than anyone else. There was too much wishful thinking."

Another reason the United States is reluctant to participate in covert action against the Iraqi leader is that U.S. allies such as Egypt and Turkey oppose Western military intervention to remove him.

But a more important deterrent has been the inability of the exiled Iraqi opposition to draw up a unified and coherent program for a post-Saddam government or to develop plans for a feasible operation to topple him.

"The United States will not do an operation on its own," said an Arab source. And among the Iraqi opposition, he added, there is no agreement on how Iraq would be ruled after President Saddam. "So the United States is not getting involved in any operation right now," he added.

This source said he believed the United States might reverse its position if plans were drawn up for an operation that seemed certain to succeed. But at the moment, he added, the Bush administration has not been considering a "covert program lest it boomerang in their face."

An Iraqi source, evidently referring to reports that Washington has prepared contingency plans to prevent President Saddam from crushing any significant internal revolt, added that he did not think the United States would "just watch" if something spontaneous occurred inside Iraq that looked like it had "a good chance of success."

The administration has decided to let a House committee hear the testimony of a State Department official who warned in October 1989 of evidence that U.S. loan guarantees to Iraq for grain had been diverted to weapons. The New York Times reported from Washington. The official cited "nuclear-related equipment."

The testimony by Frank Lemay, a State Department legislative management officer, represents a concession to the House Judiciary Committee.

The White House denied a committee request earlier to allow the testimony of two presidential aides — C. Boyden Gray, the White House counsel, and Nicholas Rowstone of the National Security Council.

## Jackson Jobs Clinton Anew, Lauding Perot

International Herald Tribune

**WASHINGTON** — The Reverend Jesse Jackson continued his feud with Governor Bill Clinton on Sunday, refusing to say whether he would endorse the Democratic presidential nominee this autumn and refusing to rule out an endorsement of the independent-Ross Perot.

Appearing on a CBS news program, Mr. Jackson repeated his assertion that Mr. Clinton had crafted a "ploy" to get a "cheap headline" last week in criticizing a black rap singer's anti-white comments.

"That's what agitates me so much," Mr. Jackson, the nation's dominant black political figure, said as he avoided directly saying whether he would endorse Mr. Clinton. "As we reached out, Bill Clinton, pushed off."

Asked whether he might endorse Mr. Perot, Mr. Jackson said he intended to take his political agenda to Mr. Perot as he had done with Mr. Clinton, in hopes of sparking a debate on economic issues. He applauded the Texas' discussions last week with community leaders in Los Angeles.

# More U.S. Kids at Work, and in Worse Conditions

By Gina Kolata

New York Times Service

**NEW YORK** — After nearly disappearing from American life, child labor has re-emerged and proliferated in the last decade. Even the recession does not seem to have stemmed the tide, and investigators say many of the children are working in dangerous jobs.

Federal statistics indicate that at least 4 million children aged 14 to 18 are legally employed. But an estimated 2 million other children work illegally, either because businesses or family members pay them in cash, or avoid taxes and pay them in kind, or more commonly, because they work too many hours, late hours, at hazardous jobs, or are under 14 and thus too young to be working at all, except on farms.

No one knows exactly how many children work illegally. But evidence from the Labor Department's strike force, from the General Accounting Office and from states' investigations and emergency-room records suggests that children work illegally in the fields, in the garment industry, in fast-food restau-

rants, on construction sites and in mines, sawmills and gas stations.

On the job, they suffer amputations, burns, deep cuts and electrocutions. At least several hundred a year are killed, according to investigators at the National Institute for Occupational Safety and Health. Other children work late on school nights, in violation of state and federal laws, and sometimes fall asleep in class.

Jeffrey Newman, executive director of the National Child Labor Committee, a nonprofit organization founded in 1904, said he is seeing a return of child labor scandals reminiscent of those that occurred at the turn of the century.

"I see the same kind of exploitation that occurred then, in sweatshops, in the fields, in unscrupulous business practices that occur behind closed doors," he said. "It's very sad and it doesn't speak well to our understanding and commitment to children."

Dr. Philip J. Landrigan, chairman of the Department of Community Medicine at Mount Sinai Medical Center in New York, organized a recent conference on child labor. He linked the growth of legal and illegal child labor to three factors:

- More and more families slipped into poverty in the 1980s and early '90s, and needed income from their children's work.
- The number of immigrants increased sharply, with people often coming from countries in which child labor is routine, providing a pool of people ripe for exploitation.
- State and federal governments cut their budgets for inspecting workplaces, which made the discovery of violations less likely.

Mr. Newman and others stressed that a major factor in the increase in child labor has been lax enforcement of state and federal laws.

Federal laws prohibit children under age 16 from working during school hours and limit the number of hours they can work after school and on weekends.

Some jobs, such as mining, logging and roofing, are prohibited for anyone under age 18. In agriculture, restrictions are less stringent; hazardous work is barred until age 16.

William Halperin, associate director for surveillance at the National Institute for Occupational Safety and Health, called the

magnitude of illegal child labor "astounding."

He called the statistics gathered so far "the tip of an iceberg," because there is no systematic data collection and because many injuries and deaths are not reported.

One problem is simply discovering violations, given the relatively few inspectors the federal government employs for that purpose.

According to Dr. Landrigan, the Occupational Safety and Health Administration has 2,000 inspectors, and the Labor Department has 1,000 wage-and-hour workers, who are responsible for detecting illegal child labor as well as violations involving adults.

Jay Mazur, president of the International Ladies' Garment Workers Union, said that the safety and health administration had so few inspectors that 84 years would be needed to get around to inspecting all the workplaces for which it is responsible. It would take 25 years to visit every high-hazard workplace for a surprise inspection.

With such inadequate resources, he said, "we are fighting, to put it mildly, an uphill battle."

## AMERICAN TOPICS

### Does Kente Cloth Sway a Black Jury?

A judge's objections to a lawyer's attire has become the talk of the Washington bar, raising questions over where a lawyer's personal freedom crosses with court procedure and whether clothing can influence a jury. The New York Times reports.

John T. Harvey 3d was removed as defense counsel in an assault case last week by Judge Robert M. Scott of the District of Columbia Superior Court.

Judge Scott said Mr. Harvey's striped stole, made out of a colorful African fabric known as kente cloth, might unduly influence the predominantly black jury in the defendant's favor.

Neither the prosecutor nor Mr. Harvey's client raised objections about the cloth.

Mr. Harvey has asked the district appeals court to reverse the order. "An Orthodox Jew wears a yarmulke, an Indian wears a turban, and according to the case law they can appear before this judge," he said.

The multicolored kente cloth, originally from West Africa, has become popular with black Americans in recent years as a sign of racial pride.

"If a lawyer went into court wearing a clown outfit, I don't

think anyone would tolerate it," said Keith Walters, vice president of the National Bar Association, a black lawyers' group. "But I talked with several members of our bar in California and Detroit, and they said that in their courts it is not an unusual sight to see an attorney wearing a kente cloth, and no one says anything."

### Short Takes

"The entrances to New York City from the airport terminals are an ugly, graffiti-scarred, refuse-strewn cyberspace," Steven J. Kumble writes in a letter to the New York Times. Roadside areas are defaced by "discarded hubcaps and other automobile parts, garbage, paper refuse, pieces of tires, assorted filth and, in some instances, the hulks of abandoned vehicles." Thus a visitor's first impression of New York is that of "a city overwhelmed by the problems of urban decay — a city out of control." Mr. Kumble suggested hiring young people looking for summer jobs "to clean up this mess."

Forty years ago, President Harry S. Truman predicted the end of the Cold War, as recalled in a new biography, "Truman," by David McCullough. "As the free world grows stronger, more united, more attractive to men on both sides of the Iron Curtain," Truman said in 1952, "the year before he left office," and as the Soviet hopes for easy expansion are blocked, then there will have to come a time of change in

the Soviet world.... Whether the communist rulers shift their policies of their own free will — or whether the change comes about in some other way — I have not a doubt in the world that a change will occur."

Roads paved with asphalt rubber are supposedly an environmentalist's dream. Instead of getting junked in shrinking landfills, scrap tires are ground up and mixed with asphalt to create a paving material that holds up twice as long as conventional asphalt and offers a smoother, quieter ride. Last year, the U.S. Congress ordered that the asphalt in federally-funded projects contain at least 5 percent rubber by 1994. This is to increase to 20 percent by 1997. The Los Angeles Times notes, however, that some questions remain. There is no evidence that asphalt rubber can be recycled, as asphalt can. And the cost is twice that of standard asphalt.

Pizza Hut, the largest U.S. pizza chain, plans to install all-you-can-eat buffets in most of its 2,700 restaurants by the end of the year. For \$3.99, patrons will be able to load up at 14-foot (four-meter) buffets with an assortment of pizzas, pastas and salads. A spokesman said that in four months of testing the company found that pizzas could be kept hot and fresh for 20 minutes on the buffet table if air is kept circulating around them. Pizza Hut is a subsidiary of PepsiCo.

Arthur Higbee

## U.S. High Court Voids Part of Law On Nuclear Waste

Washington Post Service

**WASHINGTON** — The Supreme Court has struck down a key part of the 1985 federal law designed to force states to find disposal sites for low-level radioactive waste.

Voting 6 to 3, the court ruled that the law's ultimate threat — forcing states to take possession of the waste if they have failed to come up with another solution by 1996 — violated states' rights.

But the court left in place other provisions of the law providing incentives for states to find a way to dispose of the waste from power plants, hospitals, research reactors at universities and various industries.

The ruling Friday undid part of a contentious law with which many states were unhappy trying to comply, but observers had mixed views about its effects. It could force Congress to reopen the politically volatile nuclear-waste issue, or induce some big states to turn against others as they try to escape the law's reach.

## Libya Gives U.K. Names Of IRA Men It Trained

Agence France-Press

**LONDON** — Libya has given the British intelligence service the names of as many as 20 IRA members trained in special camps in Libya over the past 20 years, the Sunday Times reported.

The extent of the Libyan training and cash supplied to the Irish Republican Army was far greater than previously thought, according to the paper.



IMPERIAL HOTEL TOKYO

PEOPLE NOTED FOR GIVING THEIR BEST USUALLY EXPECT IT IN RETURN. THE IMPERIAL IMPERATIVE.

For over 100 years we've been providing the finest services and facilities to discriminating guests such as Madame Paviola, Jascha Heifetz, Charlie Chaplin, and countless dignitaries. In return, they gave us our reputation as the hotel of hotels throughout Japan — imperative for its consistent, uncompromising standards. We're still in the same enviable location — more convenient than any other in Tokyo. And the world's most informed, fastidious travelers still insist on the Imperial Hotel. It's the Imperial imperative, today as in the past.

Member of "The Leading Hotels of the World"

For information, contact The Imperial Hotel Tokyo Overseas Sales Office: London Tel: (071)355-1775, Fax: (071)355-1776; New York Tel: (212)692-9001, Fax: (212)697-0244; Los Angeles Tel: (213)627-6214, Fax: (213)249-2402. For reservations, contact The Imperial Hotel Tokyo Tel: (03)3504-1111, Fax: (03)3501-9146, or contact your nearest travel agent, or any Japan Airlines office. Airline Access Codes: APOLLO (LW 8562) SABRE (LW 25037) DATAS II (LW 1822).

# More reliable than the weather.

According to Boeing, 99.46% of JAL 747's leave on time — more than any other airline.

# JAL

Japan Airlines

A WORLD OF COMFORT

# Gunfire in Sarajevo Keeps Airport Shut

**BELGRADE** — Serbian artillery continued to batter parts of Sarajevo on Sunday, and the United Nations peacekeeper said the shooting was too intense to allow resumption of preparations to fly in food and medicines.

"It's still an unacceptable level of conflict," said General Lewis MacKenzie, chief negotiator for the United Nations Protection Force. Referring to a district near the airport, he added, "We're distressed by the shelling in Dobrinja."

The UN peacekeeping contingent has told the factions — Serbs and a loose Muslim-Croat bloc — that further steps to demilitarize the Sarajevo airport could not be taken unless a general cease-fire held for at least 48 hours.

"What we must have is the ability to move unarmored around the city and in the hills around Sarajevo," General MacKenzie said in a telephone interview. "My men have been shot at every day for the past 10 days."

Three Canadian soldiers in the unit were wounded, one seriously, on Saturday when their jeep took 50 shrapnel hits.

A truce declared a week ago to let UN peacekeepers bring supplies and medicine to the civilians suffering in a two-month Serbian siege has been repeatedly flouted.



Reaching safety across the Sava River in Croatia, a woman from the Bosnian town of Brcko lowered a child to the hands of another.

The first stage of the airlift plan — Serbian withdrawal of tanks, artillery and anti-aircraft batteries from the airport — was to have begun Saturday.

The government's medical Crisis Center in Sarajevo said that 15 people had been killed and 187 wounded in 24 hours.

The Sarajevo radio said Serbs firing artillery from the airport and nearby barracks battered Muslim-defended Dobrinja on Sunday, killing at least one civilian on a street and wounding others.

"It is heavy shelling once again," the editor of Sarajevo radio, Zoran Pirovic, said by telephone. "Many buildings are damaged and several apartments are ablaze."

He said Serbian shells had sheared off the top five floors of the nine-story main newspaper building.

Mr. Panic said he could not accept such a mandate without violating sanctions against Belgrade imposed by the United Nations and the United States.

**Serb in U.S. Declines Post**

Milan Panic, a Serbian-born California entrepreneur who was informally proposed in Belgrade this week as prime minister of what remains of Yugoslavia, said it was impossible for him to accept the offer, The New York Times reported from Washington.

Mr. Panic said he could not accept such a mandate without violating sanctions against Belgrade imposed by the United Nations and the United States.

# BOSNIA: A Vicious Cycle

(Continued from page 1)

balances and other relief vehicles. All major international relief organizations, including the International Committee of the Red Cross and the UN High Commissioner for Refugees, have left the republic, calling operations too dangerous.

In the case of the Red Cross, the decision was made after its director here, a French citizen, was killed in a Serbian attack on a relief convoy entering Sarajevo.

But although verification of the killing is difficult, the pattern is clear. Survivors' accounts have been accompanied by details, including when and where the killings took place and what the killers said.

Some of these accounts have been given directly to Western reporters and others gathered by Save Humanity, an independent human rights group in Sarajevo. They indicate that the victims are usually members of a single ethnic group: Bosnian Muslims, who are descendants of Slavs converted to Islam during the centuries of Turkish occupation.

But they have also included members of other groups, including Serbs accused of having helped the victims of other Serbs.

In many of the accounts, survivors have asserted that the attackers belong to one of several paramilitary organizations based in Serbia, groups with such names as Tigers, White Eagles and Chetniks, the last named after Serbs who conducted guerrilla activities against Nazi forces in World War II.

But the Serbian government has strongly denied that any fighting groups based in Serbia are allowed to operate in Bosnia.

In a case chronicled by Save Humanity in the eastern Bosnian town of Bratunac, fighters from the Tigers and the Chetniks were said to have forced captives to watch and inhale the smoke as bodies of executed men were burned.

In other towns in eastern Bosnia, according to statements gathered by the human rights group, Muslim men were said to have been tied to wooden crosses before they were killed.

The killers are not only among the Serbs. In areas where armed groups belonging to the Muslim and Croatian population are predominant, there have been slayings, including one earlier this month in Bradina, in which scores of Serbian villagers were killed.

Armed groups, again mainly but not exclusively Serbs, have made a widespread practice of hostage-taking, rounding up large numbers of civilians and holding them in camps, sometimes trading them for captured fighters.

In a document that became available in Sarajevo on Saturday, carried into the city by a Muslim woman from a suburb, Nahorevo, the Serbian leader gave permission for all Muslim children under 18, all women, and all men over 60 to leave the government-controlled center of Sarajevo.

But this was to be done on the condition that they find counterparts — in the words of the document, "age for age, woman for woman, child for child, old man for old man" — who must arrive in Nahorevo, "without any damage," within 48 hours.

# YELTSIN: Warning on Unrest From Russian Leader

(Continued from page 1)

been intense in the city of Bender, in the breakaway Trans-Dniester republic, with Moldovan forces destroying as many as 11 tanks and killing from 100 to 200 people. Separatist troops regained control of most of the town Sunday, but skirmishes are reported to be continuing.

According to Itar-Tass, a regiment of Russia's 14th Army, based in Trans-Dniester, was attacked by Moldovans on Saturday night, but no other details were provided. The commander of the 14th Army said he was trying to stay out of the

fighting, but would act, as authorized, to defend his troops.

The Moldovans have accused Russian troops of intervening on the side of the secessionists, who fear Moldova's ties to Romania and want to join the Ukraine. Most of Moldova was Romanian until the Soviet Union annexed it in June 1940, under terms of a pact with Nazi Germany, and more Russians and Ukrainians were implanted to hold the ground.

Moldovan officials say they are willing to grant Trans-Dniester wide political and linguistic autonomy, but do not want to lose the industrial heartland of their new state. They have warned that they may call on armed help from Romania if Russian troops continue to "intervene" on the side of the secessionists.

In the former Soviet Union's other major ethnic war, between Armenia and Azerbaijan over Nagorno-Karabakh, peace talks in Rome were suspended until June 29, after reaching an impasse on Saturday. More than 2,000 people have died in four years of fighting over the enclave, which has a majority Armenian Christian population but has been ruled by Muslim Azerbaijan.

# RUSSIA: In Retreat, Army Prepares for a New Fight

(Continued from page 1)

become a hostile standoff with the Baltics. In Moldova, the 14th Army has essentially gone over to Russian-speaking separatists in the Dniester region to become an autonomous force.

This panorama of defeat and disorder in the military would disturb any nation. It is particularly traumatic for Russia, where the army and other security institutions have for centuries formed the core of Russian nationalism.

Mr. Yeltsin and his supporters have vowed to build a normal society on the ruins of the militaristic Soviet empire. They know they must succeed where the Roman emperors failed — in containing the bitterness and chaos that retreating imperial legions brought home and spread in Rome.

General Pavel Grachev, the Russian defense minister, speaking to the newspaper Iztvestia on June 1, said: "We made a defeatist decision by agreeing to pull out our troops from Germany within four years. What's the haste? Americans pledged themselves to do the same in 15 years. Now they can do everything slowly and thoroughly while we have to wrestle people to places without modern conveniences. Naturally it causes strong discontent."

From the Russian military perspective, General Grachev actually understates the case. For one thing, the United States has not set any date to withdraw from Germany.

And resentment conditions are not merely uncomfortable. General Dimitri Volkogonov, perhaps Mr. Yeltsin's closest military adviser, said in an interview that there were already 195,000 Russian officers in Russia without housing. They live in makeshift shacks or move in with friends or relatives.

General Volkogonov describes the troops and officers returning from Germany as the core of the future Russian Army, which he says will be "a small, modern militia army" of 1.5 million men, whittled down from the bloated 4-million-plus Soviet military establishment. And he makes it clear this new army will have to concentrate on defending Russia's borders and on domestic order.

"Before our armed forces were intended for offensive operations," he said. "It was a tank army. By the end of last year, we had as many tanks as the rest of the world combined. The troops left on Russian soil were second-echelon troops."

Russian commanders in Germany have begun a serious debate

about the pace of withdrawal, which is to be completed by 1994, according to a well-placed German official.

"The dominant group wants to speed up the withdrawals to avoid the discipline and morale problems that they face living in a hostile population," the official said. "But there is an increasingly vocal group calling for a slowdown, to avoid the mess at home as long as possible."

Until two months ago, entire units were sent back "home" — usually to camps in Ukraine or the Baltics. Now the Russian com-

# An army built to fight superpower battles must be reshaped to resist the centrifugal forces trying to tear Russia apart.

mand, either out of fear or concern about the lack of housing in Russia, is demobilizing units before they withdraw from Germany and sending officers and soldiers back to the republics they claim as home.

About one-fifth of the officers in the former Soviet force in Germany are Ukrainians. But most of them are choosing to return to Russia in a sign that they expect Russia to maintain an important military establishment and doubt that Ukraine will create one.

The German withdrawal proceeds, and Mr. Yeltsin agreed in May to pull more than 30,000 troops out of Poland by November. But Moscow has firmly refused to set withdrawal dates for the 110,000 military men stationed in Estonia, Latvia and Lithuania. Baltic leaders suspect that the Russian military does not intend to leave and will try to restore imperial rule after a rebuilding period.

Some Russian generals may harbor such grandiose dreams. But Mr. Yeltsin's government seems to be more realistic about the broken force of Russian imperialism. Moscow is engaging in hard bargaining over the troop withdrawals in hopes of securing basing rights in the Baltics and some protection for Russian civilians who want to stay there — concessions the three states do not want to grant.

Russia must suddenly negotiate and maneuver to secure cooperation from neighbors it ruled by fiat and force less than a year ago. This

adds an overlay of political frustration and vulnerability for Mr. Yeltsin. His adversaries, and even some of his allies, are now charging his government with not protecting Russia's "national interests."

"We have to be tougher toward these former republics that are trying to capture our army's equipment and hold our civilians hostage," said Andrei Fyodorov, foreign-policy adviser to Vice President Alexander V. Rutskoi.

"We have no refugee policy, although we have 100,000 Russian refugees from other republics," he added. "We would be bringing an explosion into Russia by agreeing to withdraw from the Baltics."

Increasingly, Russia seems to be searching for the kind of allied Third Force in neighboring Muslim republics that the United States sought without success in Vietnam. Earlier this month, Russia signed a defense protocol with Turkmenistan to create a joint military command in which Russian officers and advisers will oversee and run a local Turkmen army.

Throughout the Caucasus and Central Asia "there is the danger of a major explosion," warned Sergei Stankevich, state counselor to Mr. Yeltsin, who sees growing conflict between "newly emerging entities that use Muslim values to take over control of territory" and the former Communists who seek to cling to the power Moscow gave them in Soviet days.

"We should find new people in these republics who are not connected with Muslim fundamentalists and who do not belong to the old corrupt order," he said.

Mr. Stankevich sees the Russian-Turkmen agreement, which clears the way for Russian troops to police the long Turkmen border with Afghanistan and Iran, as a model for other bilateral treaties to link Russia to other republics and limit the danger that border turmoil poses for Russia's delicate internal balances.

"Russia is not a nation-state like Germany or France," Mr. Stankevich said. "We have many states inside Russia. Asia is inside Russia, as well as Europe. Many races and religions are inside Russia. Russia's overriding interest is to stop the inertia of disintegration that has brought us to this situation."

Stopping the inertia of disintegration would have seemed a laughably modest ambition for Russians throughout most of the last millennium. Today, it is an urgent and perhaps unattainable objective.

- ACROSS**
- 1 Record
  - 5 Enero or febrero, e.g.
  - 8 Noise
  - 14 Construction beam
  - 15 Flightless bird
  - 16 Roman official
  - 17 Young salmon
  - 18 Replaces
  - 20 Meadow
  - 21 Warns
  - 22 This crosses long.
  - 23 Lone Ranger's sidekick
  - 25 Melody
  - 26 Century plant
  - 27 South Pole region
  - 29 Ermita
  - 30 Thing, in law
  - 31 "I've" to London...
  - 32 Most wanted
  - 33 Barbara Bush, e.g.
  - 35 Theater district

- 36 Hilbernia
- 37 Careas
- 42 Celestial beings; Fr.
- 43 Part of a shoe
- 45 Female zebra
- 46 Actor Ray
- 47 Of great value
- 48 Silkworm
- 49 Arabian gazelles
- 51 Kind of nose
- 52 Follows
- 54 Kazan of filmdom
- 56 Land ruled by Juan Carlos
- 57 Sever
- 58 Damolish
- 59 Participated in
- 60 German river
- 61 — Rabbit

7 Overseeing

8 Magna

9 Not so much

10 Summer quest

11 Median

12 Certain ointments

13 Begin anew

19 Norwegian navigator

23 Sailor

24 Circles the globe

26 Roly-

28 Atlantic sport fish

29 Dockworkers

32 Peel

33 Skeddadle

34 Floor covering

35 Ancient Egyptian king

36 Hell-bart for leather

37 Augustus's chief counselor

39 Commonly liked

40 Write a lament about

41 Thrice: Comb. form

43 Netman Nestase

44 Splendid

46 Ancient Phoenician seaport

49 "Judith" composer

50 Concordes, e.g.

53 Where the incus is

55 Atmosphere: Comb. form

Solution to Puzzle of June 19

G	A	E	K	W	A	R	J	A	E	G	E	R	S
I	S	R	A	E	L	I	A	E	R	A	T	E	S
L	A	E	R	T	E	S	H	O	S	T	E	L	S
A	I	S	I	S	E	N	E						
S	E	C	T	R	E	B	S	N	O	V	A		
H	R	H	G	I	S	M	O	P	T	E			
A	N	A	M	A	S	A	L	S	O	R	A	N	
P	A	U	L	I	N	E	K	A	E	L			
I	N	T	E	R	E	S	T	A	R	T	I	S	
R	E	E	T	E	S	T	S	N	A	A			
K	E	R	F	H	O	M	E	R	E	E	L		
O	B	I	E	A	G	R	E						
A	L	L	S	E	E	D	C	A	E	S	A	R	
A	E	G	E	S	T	R	O	A	E	D	I	L	
M	A	E	A	E	O	N	T	A	E	N	I	A	

- DOWN**
- 1 Gratuity
  - 2 Gastropod mollusk
  - 3 Sires
  - 4 Printing mistakes
  - 5 Tableland
  - 6 Rivals

© New York Times, edited by Eugene Malachuk.



## IT'S GOING TO BE QUITE A CAMPAIGN!

### DON'T MISS A DAY OF IT.

Subscribe to the International Herald Tribune at **46% off** the newsstand price.

CALL US TOLL-FREE IN FRANCE: 05 437 437  
 GERMANY: 0130 848585  
 SWITZERLAND: 155 57 57

Or send in the coupon below.

Subscription Rates & Savings off HT newsstand Prices.

Country/Currency	12 months	14 months	6 months
Austria	13,000	15,000	7,100
Belgium	13,000	15,000	7,100
Denmark	13,000	15,000	7,100
France	13,000	15,000	7,100
Germany (incl.)	13,000	15,000	7,100
Great Britain	13,000	15,000	7,100
Greece	13,000	15,000	7,100
India	13,000	15,000	7,100
Italy	13,000	15,000	7,100
Luxembourg	13,000	15,000	7,100
Netherlands	13,000	15,000	7,100
Norway	13,000	15,000	7,100
Spain	13,000	15,000	7,100
Sweden (incl.)	13,000	15,000	7,100
Switzerland	13,000	15,000	7,100
Rest of Europe, N. Africa, former French Africa, Middle East	13,000	15,000	7,100
Rest of Africa, Gulf States, Asia, Central/Latin America	13,000	15,000	7,100

Yes, I want to start receiving the HT (my payment is enclosed). This is the subscription term I prefer (check appropriate box):

12 Months (12 issues in all with 26 bonus issues).

6 Months (182 issues in all with 26 bonus issues).

My check is enclosed (payable to the International Herald Tribune).

Please charge my Credit Card:  American Express  MasterCard  VISA  Diners Club  Eurocard  Access

CARD ACCT. NO. \_\_\_\_\_

EXP. DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

Mr.  Mrs.  Ms.  Mlle. FAMILY NAME \_\_\_\_\_

FIRST NAME \_\_\_\_\_

PERMANENT ADDRESS:  HOME  BUSINESS \_\_\_\_\_

CITY/CODE \_\_\_\_\_

COUNTRY \_\_\_\_\_ 22-6-92

TEL. \_\_\_\_\_ FAX \_\_\_\_\_

Return your completed coupon to: Subscription Manager, HT, 181 Avenue Charles-de-Gaulle, 92221 Neuilly Cedex, France. Fax 33.1.46.37.06.51 - Tel. 33.1.46.37.93.61

This offer expires December 31, 1992, and is available to new subscribers only.

# PEROT: Seeking Improprieties, He Investigated Bush on the POW Issue

(Continued from page 1)

leveraged, really walk-the-line tax deal.

An extensive investigation by The Washington Post of the results of Mr. Perot's inquiries into Mr. Bush's conduct in these matters turned up no evidence of impropriety by Mr. Bush.

Toric Clark, the Bush campaign press secretary, told The Associated Press: "If he's going to go after the vice president of the United States, or absolutely no grounds, for absolutely no reason, would anybody in this country be safe from his prying? If you look at what he did as an individual, the amount of time and energy and resource he spent on hiring investigators and sleuths and secret agents, what would he do if he had the FBI and the IRS and the CIA? The country does not need big brother as president."

Since 1986, Mr. Perot has pursued several leads suggesting that Mr. Bush, since serving as director of the Central Intelligence Agency

in the 1970s, has been part of a conspiracy to suppress information indicating that American servicemen are still being held by Vietnamese communists.

Mr. Perot has told associates that he believes CIA employees who had been involved in heroin dealing and money-laundering put pressure on Mr. Bush to keep silent about the existence of MIAs. No evidence has been found to support Mr. Perot's charges.

Mr. Perot has pursued information that he believes could show Mr. Bush was "up to his ears" in the Iran-contra scandal. Some of the leads have been provided by the Christian Institute, a left-leaning organization that researches covert government activities and circulates conspiracy theories. Mr. Bush has denied any Iran-contra involvement, and the independent Walsh, in the inquiry, Lawrence E. Walsh, has provided no public indication that Mr. Bush will be charged.

Mr. Perot has also looked into whether Mr. Bush was involved in the "October surprise," what may have been the delay of the release of American hostages held in Iran until after the 1980 election. Earlier this year, Mr. Perot sent an associate to interview a prison inmate in Missouri who claimed he had flown Mr. Bush to a secret meeting in Europe in 1980 in an SR-71 Blackbird spy plane. When the prisoner could not explain how to start the plane, Mr. Perot dropped the investigation, according to a Perot spokesman.

In 1986, Mr. Perot told Mr. Bush, in what Mr. Perot portrayed as a friendly warning, that two of Mr. Bush's four sons were said to be involved in improper activities. Mr. Perot said a Florida investigator told him that one son had visited a known gun smuggler.

On Christmas Eve that year, Mr. Bush sent Mr. Perot a short handwritten note defending his sons. "They are all straight arrows," he wrote, "uninvolved in intrigue."

Mr. Perot declined to respond personally to questions about specific investigations involving Mr. Bush. Asked for a formal response last week, James Squires, Mr. Perot's campaign spokesman, discussed only the extensive inquiry into Pennzoil's tax deduction.

Mr. Squires said Mr. Perot in 1988 "received information about what he thought was a questionable transaction involving the federal government that he believed might constitute a fraud on taxpayers."

"After hiring a Washington law firm to do what amounted to a public records check on the matter," Mr. Squires said, Mr. Perot passed on information to The Washington Post.

"No investigators were employed, no laws were violated, no one's privacy was invaded," Mr. Squires said. "Mr. Perot does not think his actions were inappropriate."

"The same kinds of things that intrigue an investigative reporter intrigue him," Mr. Squires said.

ESCORTS & GUIDES

**BELLE EPOCH**

THE ESCORT SERVICE

LONDON 071 597 8052  
Credit Cards Welcome

**MERCEDES**

V.I.P. ESCORT AGENCY  
MAJOR CREDIT CARDS ACCEPTED  
TEL: 071 261 6446

**INTERNATIONAL ESCORTS**

NYC Escort Service  
Tel: 212-734-9441 USA  
Major Credit Cards & Checks Accepted

**DEBUTANTE**

Escort Service for Central London & Heathrow Tel: 071 481 8344

**ULTIMATE 10'**

NEW YORK ESCORT SERVICE

CHelsea ESCORT SERVICE  
21 Bedford Square, London, W1G  
Tel: 071-594 6510 Established 18 years.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

**ESCORTS & GUIDES**

**LONDON**  
Tel: 021 234 1234  
Tel: 021 234 1234

**MUNICH WILCOX**

ESCORT & GUIDE AGENCY  
PLEASE CALL 089 91 28 14

**FRANKFURT & AREA**

Escort & Guide Agency  
Please Call 069 25 64 64

**FRANKFURT ESCORT SERVICE**

7 days until Saturday. Credit card  
Tel: 069 25 64 64

**STOCKHOLM ESCORT V.I.P. SERVICE**

Private Escort Service  
Tel: 08 725 78 62

**BARCELONA V.I.P.**

Escort and Guide Service  
Tel: 03 234 1234

**DUESSELDORF COLOGNE PRIVATE**

Escort and Guide Service  
Tel: 0211 456789

**MILAN LUGANO VENICE ESCORTS**

Escort & Guide Service  
Tel: 02 765 4321

**MADRID**

ESCORT SERVICE  
Tel: 01 234 5678

**VIENNA - BUDAPEST - BRNO**

Escort & Guide Service  
Tel: 01 234 5678

**FRANKFURT HSB BARRON**

Escort Service  
Tel: 069 256789

To our readers in Vienna  
You can now receive the HT hand delivered to your home or office on the day of publication.  
Please contact Morawa - Vienna.  
Tel: 515 62 123

مكنا من الأجر



# For Ex-Soviets, a Plan for Hands-On Aid

By Joseph Fitchett  
*International Herald Tribune*  
STRASBOURG, France — The West should create an elite corps of experts to live in the former Soviet Union and help officials there run government and business, a leading American specialist on Russia has proposed.

The specialist, Robert D. Blackwill, a former National Security Council member who now teaches at Harvard, made the recommendation this weekend ahead of the meeting next month of the Group of Seven leading industrial nations in Munich.

His plan won strong endorsement from American, European, Russian and Ukrainian officials and experts.

Admitting that financial aid to the former Soviet Union had reached a limit, prominent specialists said that the most acute problem now was the inadequate level of Western technical assistance to help absorb the available funds.

Sir Geoffrey Howe, a former British foreign minister and chancellor of the Exchequer and now an economic adviser to Ukraine, said Western pledges of financial help currently amounted to roughly \$50 billion — the equivalent in today's currency of the sum provided by the Marshall Plan.

Although that level of Western financial assistance is far below the total price tag usually placed on economic recovery for the former Communist countries, there is no realistic prospect of more funds soon, the specialists said.

Mr. Blackwill, who was an architect of the so-called grand bargain

offering large-scale funding as a reward for Russian reforms, suggested creating a new international body to manage a network of American, European and Japanese advisers in Russia and neighboring countries who would help implement changes ranging from privatization to municipal services, from banking to farming.

A thousand such advisers, each costing \$100,000 a year, would be a comparatively small extra invest-

**A network of experts is viewed as a small extra investment to help guarantee that Western aid is effective.**

ment to guarantee a payoff on the aid packages.

Russian and Ukrainian aides, together with Western specialists, agreed with Mr. Blackwill that current aid levels, together with longer-term hopes for private investment, may be endangered by a chaotic, wasteful pattern of transitional contacts.

"The Marriotti syndrome," as one official dubbed the tendency, refers to a stream of influential Westerners who visit former Communist capitals for a few days in local luxury, then leave after consuming the time of local leaders and often confusing them with a succession of contradictory-sounding proposals.

To help new governments organize themselves better, Mr. Blackwill said, the West urgently needs to send thousands of advisers to live, work and teach in the former

Soviet Union and perhaps in Eastern Europe.

He called for an organization to field this team, to be headed by a prominent European and amounting to an internationalized version of the U.S.-led Marshall Plan, which involved thousands of American advisers working with counterparts in Western Europe to achieve economic recovery in the aftermath of World War II.

In Ukraine, Mr. Blackwill said,

my's repeated plea for other countries to take a larger share of the burden. The need for more technical assistance has been voiced by the German chancellor, Helmut Kohl, but no one has previously said publicly that a separate organization would be needed to sustain a program over at least a decade.

A practical limitation on an advisory corps would be its inability to impose full coordination for Western aid, according to Mr. Blackwill, who said the International Monetary Fund and the World Bank were too deeply involved and too experienced to tolerate interference.

Currently, the lead role in coordinating Western aid to the new democracies belongs to the European Community, but American officials said the EC bureaucracy could not handle an expanding Western effort in the coming years.

American officials acknowledged that Washington would be loath to operate under EC auspices in envisaging deeper U.S. involvement, including personnel, in a long-term recovery campaign for Russia.

Criticism has been mounting of the performance of the EC Commission, the Community's executive arm, in seeking to prevent overlaps in Western proposals for Eastern Europe and in helping speed up the actual spending of aid funds.

A report by the New York-based Institute for East-West Studies said that the only small fractions of the aid promised three years ago to Czechoslovakia, Hungary and Poland had been received.

John F. Mroz, the institute's head, said the EC Commission had played a useful role in helping maintain these countries' financial stability during the transition to hard currencies. But the new challenge is structural changes, which will require the sustained presence of many Westerners to ensure that the provision of help dovetails with the ideas and needs in these countries, he said.



**HOT TIME IN THE OLD TOWN** — Jacek Kuron, a leading dissident during the campaign against communism and now a well-known politician, leading hot soup in Warsaw's Old Town in a campaign to raise funds to send needy children to summer camp.

# Prague Split: Is the Inevitable Imminent?

By Stephen Engelberg  
*New York Times Service*

PRAGUE — Czechoslovakia may give the appearance of a nation sliding step by step toward dissolution, but leading politicians still are stressing that the divorce proceedings are in their initial phases.

The 74-year-old union between the Czech and Slovak peoples, who have increasingly stressed in recent months, could end before the year does, according to a prescription laid out in talks this weekend.

Politicians in Prague and Bratis-

lava still insist upon discussing the breakup of their country in conditional terms, and there is clearly an element of brinkmanship in the negotiations between the Czechs and the Slovaks. But the dominant mood for the moment is of inexorability, with the weight of opinion on the Czech side shifting toward allowing the Slovaks to go their own way as fast as possible.

The schism began with the "velvet revolution" in 1989, which broke the hold of communism and accentuated the differences between the more affluent, Western-

leaning Czechs, and the Slovaks, who opposed speedy development and economic reform.

The split widened with parliamentary elections this month when a majority of Slovak voters, who occupy the eastern third of the country, cast their ballots for the Movement for Democratic Slovakia, led by Vladimir Meciar. His party favors a loose confederation of two sovereign nations and a softening of the economic "shock therapy" that has brought relative prosperity to the Czech lands and a severe recession to Slovakia.

But the voters in Czech regions gave a plurality to the Civil Democratic Party led by Vaclav Klaus, architect of the economic program and former finance minister.

In an interview on Czech television he dismissed the Slovak idea of a confederation as a "joke."

Another clear sign of the course of events was the decision last week by leading Czech and Slovak parties not to join the federal cabinet. Mr. Klaus, who was invited earlier in the week to serve as federal prime minister, now says he would prefer to be Czech prime minister.

There is speculation that President Vaclav Havel, whose political future is now gravely in doubt, may resign and end up as Czech president, although the post does not yet exist.

Mr. Havel, a playwright who was imprisoned as a dissident under Communist rule, has acknowledged that a breakup is probably inevitable, but he has urged that a referendum be held on the matter.

The party leaders, Mr. Klaus and Mr. Meciar, met twice last week, with the final session Saturday in the Slovak capital of Bratislava.

The two agreed to a joint statement proposing a sharp reduction in the size of the federal government. Ministries would be cut from 13 to 5, with only defense, finance, interior, economics and foreign affairs remaining at federal levels.

Other functions of government would be shifted to the Czech and Slovak national governments.

Under the arrangement announced in Bratislava, the parliaments of the Czech lands and Slovakia must put forward proposals about the future shape of the country by Sept. 30.

Mr. Meciar favors a referendum on whether to dissolve the federation, while Mr. Klaus has become increasingly cool to that idea.

It is not clear how such a vote would come out in Slovakia, which is expected to declare its sovereignty within the next few weeks.

The Czechoslovak federal parliament would have to approve any accord reached by the two regional legislatures.

**SIAM LODGE GROUP OF HOTELS**  
BANGKOK AIRPORT • BANGKOK • PATAYA • CHANGMAI • PHUKET • SAMUI

**BANGKOK**

Just minutes from the airport, a tranquil oasis of comfort and convenience. Cool elegant guest rooms, superb restaurants, delightful garden, swimming pool, health club, sauna, massage, excellent conference facilities, and regular downtown shuttle bus service. Ideal for a few hours relaxation, a restful overnight stay, or a bite before the flight.

One of the world's finest airport hotels

**AIRPORT HOTEL**

Airport Hotel 133 Chai Watsakul Road, Don Mueang Bangkok 10210, Thailand  
Bangkok: 02-566-8822 Fax: 02-566-8821 Telex: TH 4723 @ 5723 AIRHOT, Telex: 432 566-141  
Reservations worldwide. Visit International. Extra Reservations.

# MANDELA: Behind the South Africa Violence, a Deeper Rage Simmers

(Continued from page 1)

vived by the last week's horror and recriminations is how much they can really accomplish. Can any compromise stretch far enough to paper over the gaping differences that divide this country?

One of the problems sometimes overlooked in the euphoria of the bargaining table was that none of the parties fully controls its followers or accepts full responsibility for things done in its name.

The Boipatong massacre was riveting because of the scale — about 40 killed, many of them women and children — and because of allega-

tions that Inkatha warriors were assisted in the slaughter by South African policemen.

But just Sunday morning, the police said, three men and two women were killed in a raid on an Inkatha hostel in Soweto. Inkatha leaders blamed the African National Congress.

This low-level, weekly carnage may be carried out by rogue factions within the black political organizations or by criminals posing as political partisans, but it is not something that will be readily contained by a new constitution.

Nor is it at all clear to what extent Mr. de Klerk controls his own security apparatus, which now stands accused of collusion in the massacre of women and children.

A second reality that cannot be negotiated away is the still unbridgeable gap between white and black, European and African, and have-not.

On the books, apartheid no longer exists, except for the one glaring provision the negotiations are aimed at changing, the fact that blacks have no right to vote. In reality, the apartheid remains deeply ingrained in the economy, the

culture, the demography, even, it often seems, the soul.

A third and most immediate problem is that the political ambitions of the rival parties at the bargaining table are separated by a gulf of principle.

Until mid-May the parties to the talks had glossed over fundamental disagreements to maintain the impression of forward momentum, which Mr. Mandela needed to show he was getting closer to power and Mr. de Klerk needed to convince the world of his good intentions.

**GOODBYE SUNSHINE**

We are under threat. That threat's called the Sun. That life-giving, warming Sun that lights our lives is fast becoming a lethal danger to us all. We're no longer fully protected against ultra-violet radiation from the Sun's rays. That's because the ozone layer is being seriously depleted. Without the ozone layer, there's nothing to stop harmful radiation reaching the Earth's surface. Increased ultra violet radiation leads to skin cancer and blindness, and breaks down the body's immune system. People and animals, plants and trees, are all affected. Our message is urgent. Today, ozone depletion is no longer just confined to the Antarctic ozone hole. Over the USA, Canada, Europe, Australia and other populated areas, the ozone layer is thinning, much more quickly than scientists predicted.

Greenpeace aims to stop the production of chemicals that destroy the ozone layer. We have started a worldwide campaign for an immediate ban on production of CFCs and other ozone depleters. We want to encourage the use of environmentally safe alternatives so that the ozone layer will be able to recover as soon as possible. We are targeting governments, and some of the largest chemical companies in the world. But CFC-producing industries and governments are not easy to convince. We need your help, too.

So please give all your support to Greenpeace. Just complete the coupon below. We will send you free of charge information about the ozone situation. Mail the coupon today. It's in your own interest. And of those generations to come.

**DON'T KISS THIS BABY GOODBYE.**

**GREENPEACE**

To find out how you can help Greenpeace, please ask for our information package. It will also tell you how you can best support Greenpeace.

Please return to: Greenpeace International, Dept. NOO  
Keeferstraat 17a,  
1016 DW Amsterdam, The Netherlands.

Please send me your information free of charge

Mr/Ms/Miss \_\_\_\_\_  
Address \_\_\_\_\_  
Zip code/postcode \_\_\_\_\_ City/Town \_\_\_\_\_  
Country \_\_\_\_\_

PRESENTATION OF  
**THE CHASE/HERALD TRIBUNE SCHOLARSHIP**  
for the **INSEAD MBA Program**

The Chase/Herald Tribune Scholarship to Insead, the leading European business school, reflects the continuing interest of both sponsors in furthering advanced business education for younger international executives. The 1992 scholarship was won by John Marcom, an experienced young journalist and publishing executive whose career to date had spanned both Europe and Asia.

At a recent presentation ceremony at the Insead campus in Fontainebleau, France, Mr. Marcom received the award from Tom Swayne, the Chase Manhattan Bank Area Executive for Europe, Africa and the Middle East and Richard Morgan, Associate Publisher, International Herald Tribune.

**CHASE**

**INTERNATIONAL Herald Tribune**  
Published With The New York Times and The Washington Post

**THE CHASE/HERALD TRIBUNE SCHOLARSHIP**

International  
Collar: Current  
Capital: For U.

هكذا من الأهل

# Japan

## Rush to Buy U.S. Property Slows to a Cautious Walk

By John Burgess

WASHINGTON — Every week, it seemed, newspapers reported the sale of some other American landmark — Rockefeller Center, the Pebble Beach golf course, Arco Plaza in Los Angeles. Even cattle ranches were being sold to investors from Japan, who seemed to have endless supplies of money and optimism about the U.S. market.

In 1990, Japanese investors spent close to \$13 billion on U.S. real estate. For many Americans, the purchases brought home dramatically Japan's emergence as a potent force in another area of their country's economy. Japanese diplomats began to worry about "investment friction."

Suddenly, the boom has cooled. Recession at home and imploding values in the United States have caused these new investors to rein in their enthusiasm. A few have done what Japanese businesses supposedly never do, they have put their U.S. properties on the market, sometimes at a loss.

New Japanese real estate investment in 1991 plummeted 61 percent, according to a study by the accounting firm Kenneth Leventhal & Co., which tracks the industry. The year's \$5-billion figure represents the smallest infusion into the U.S. market since 1985.

"Some people who have made had investments are sitting back and will not consider any further investments," said Masahiko Kawakami, senior vice president at Mitsui Real Estate Sales New York Co.

But others remain active, though generally with more caution than in the past. Mr. Kawakami said his company would not buy office space in Manhattan these days; he estimates that that market will take five to six years to recover. But he said there remain good properties in areas such as residences and retail buildings and his company continues to scout there.

In short, says Stephen G. Finn, managing partner at Kenneth Leventhal's Washington, D.C., office, Japanese investors have "substantially curtailed their operations. But they're not cashing in all their green stamps at this point."

The cutback is one more sign that the country known as the world's prime source of international capital has switched gears and is for the time being looking inward. Japanese investment in foreign factories and in government securities is down substantially, too.

Japan's economy is stumbling along at about a 2.5 percent growth rate this year. Property values there are slumping; bankrupt companies in Japan left a record \$58 billion in debt in

1991. The Tokyo Stock Exchange, where share prices once seemed able only to rise, has lost more than half of its value since the beginning of 1990.

This instability at home led Japanese banks to back off from foreign loans, which had a big impact on property deals. "Most, if not all, of the Japanese real estate purchases were driven by Japanese banks' willingness to finance the projects," said Dan Schwartz, managing director of Ulmer Brothers Inc., a New York investment bank.

Now some real estate market watchers in the United States are saying that Americans got the best of the wealthy, often naive newcomers, extracting good prices, then leaving them to deal with the plummeting values that have followed.

Generally, Japanese firms that are selling are the smaller, newer ones, which are independent upstarts in their home market. "It's the second-tier people who are susceptible to the pain quicker," said Mr. Finn.

A case in point is Maruko Inc., a mid-sized Japanese investor, which in 1990 purchased for a reported \$67 million a property called the Hyatt Grand Champions golf and tennis resort, in Indian Wells, California.

BUYING from the U.S. Resolution Trust Corp., the federal agency that is taking over many properties as part of its mission to straighten out the United States' savings and loan crisis, Maruko got the resort for a deep discount over its original construction price.

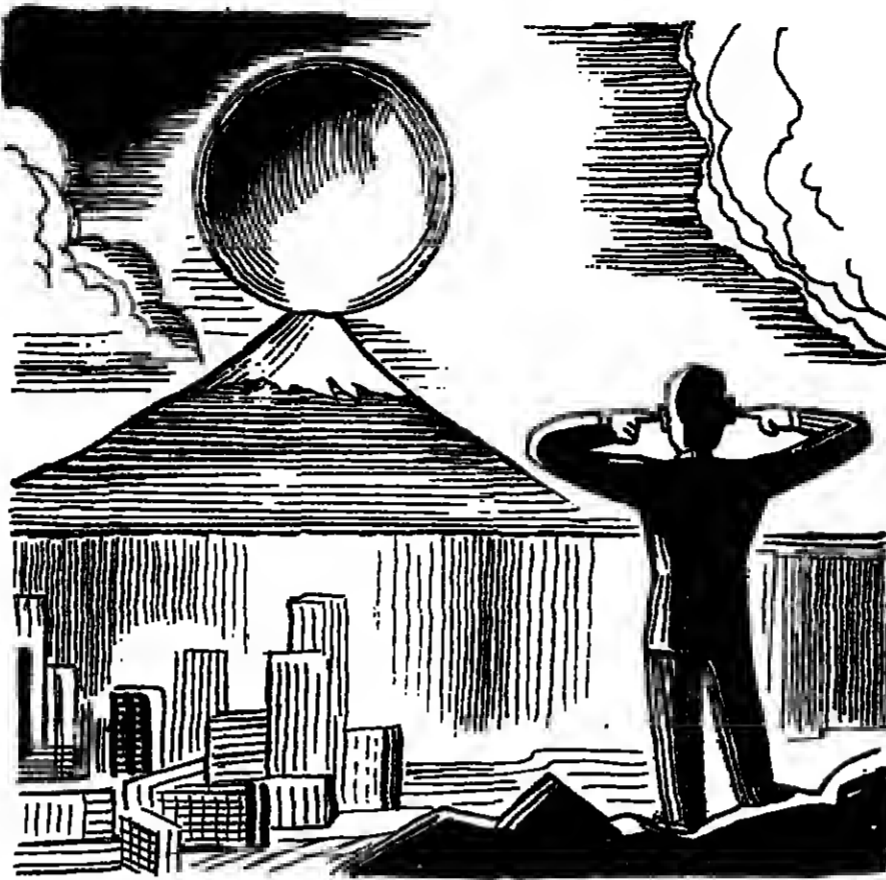
But new Maruko has become caught up in Japan's own real estate property crunch and is in bankruptcy proceedings. A resort spokeswoman said the property is up for sale.

There is little sign that larger, more stable Japanese investors, such as the mammoth Mitsubishi Estate Co. plan sell-offs. "The saving grace is their general mind-set to hold on," said Mr. Finn. Many are members of the industrial groupings known as *keiretsu*, whose members help each other.

Japanese investors got seriously interested in U.S. real estate after the Western industrial powers reached an agreement in 1985 to lower the value of the dollar against the yen and European currencies. That was aimed at curbing the United States' trade deficits.

It also made U.S. properties seem like bargains to people holding foreign currency. Japan was accumulating huge supplies of dollars through its trade surpluses and had to invest them somewhere. The U.S. property market

Continued on page 8



David Beer

## Who Governs the Nation?

### A Powerful Bureaucracy Dominates Parliament

By T.R. Reid

TOKYO — The political organization that has controlled Japan's government for 37 straight years is formally known as the "Liberal Democratic Party." In fact, an old joke runs, it's none of the three.

Despite the "liberal" in its name, the LDP is the most conservative major party here, defender of the status quo and voice of the corporate and agricultural establishment. Despite the term "democratic," the LDP is anything but, with important policy and party decisions dictated by a small coterie of aging power brokers who sometimes pay scant attention to the wishes of the electorate. And the "party" is actually a rather motley collection of five parties, known as factions, which raise money independently and battle furiously over policy and patronage jobs.

The anomalies do not stop there, either. Despite its record as the longest-reigning party in any major democracy, the LDP gets little attention or approval from the people. LDP governments routinely draw approval ratings of 35 percent or less in polls, and a figure above 50 percent is considered astronomical — this for a party that has elected every prime minister since it was founded in 1955.

How can a party continue to win when it gets no respect? One reason is that the four chief opposition parties get even less. But the more important factor is a basic truth about the world's second-richest country: In Japan, elected government is just not very important.

Government, as an institution, does play an important role in running Japan, and was, in fact, instrumental in shaping the nation's post-war economic "miracle," the transformation of a shattered, poverty-stricken wreck of a coun-

Continued on page 8

## Economic Dip Signals It's Time for a Change

### Reformers Focus on Business Practices

By Steven Brull

TOKYO — Just a few years ago, Japan seemed invincible. Its stock and property markets were soaring, a torrent of high-tech products was making corporations perversely profitable, and Japanese investors were buying up chunks of America.

Today, as the collapse of the bubble weakens Japan's economic juggernaut, the nation has begun a debate over the practices that have made it the world's second biggest economy. In an ironic twist, the nation's elite has tacitly accepted some of the ideas of revisionist critics of Japan and argued that it is time for a structural overhaul.

"We need drastic change in the thinking of Japan as a whole," said Masaya Miyoshi, president and director-general of Keidanren, the Japan Federation of Economic Organizations, the country's leading business group. "We should change our mentality."

Keidanren has been espousing a new concept, *kyosei*, which translates as symbiosis. The basic idea is that Japan needs to alter its business practices to coexist with major trading partners in America, Europe and Asia.

Japan, they say, needs to rethink the practices by which workers have toiled long hours for low pay, and saved large sums at low interest rates for the sake of industry, all the while putting up with a social infrastructure befitting a second-rate power. Japan needs less red tape, greater competition, shorter working hours, higher salaries and dividends to stockholders, and more spending to improve the social infrastructure.

Changes of this sort would let Japanese consumers experience the wealth they have earned, improve access to the market by foreign companies, and go a long way toward easing the acrimony between Japan and its major trading partners that has begun to erode the principles of free trade.

Talk, of course, is cheap. And analysts are divided on the prospects of Japan actually changing. But there is one point of agreement: Japan changes only when it is forced to, and when it sees change as in its own self-interest. And therein lies a ray of hope.

A key to Japan's success over the years has been its ability to accommodate economic changes, especially drastic ones that could be

sold as a crisis to force painful reforms. When the yen surged following the Plaza Accord of 1985, Japanese companies cut costs, shifted production to cheaper sites abroad and invested in new technologies to advance into overseas markets. Today, manufacturers are competitive even with a stronger yen.

Yet, the current transition is more challenging. Before, Japan could adapt simply by investing more and tightening the screws on workers and subcontractors — all with little impact on the domestic status quo.

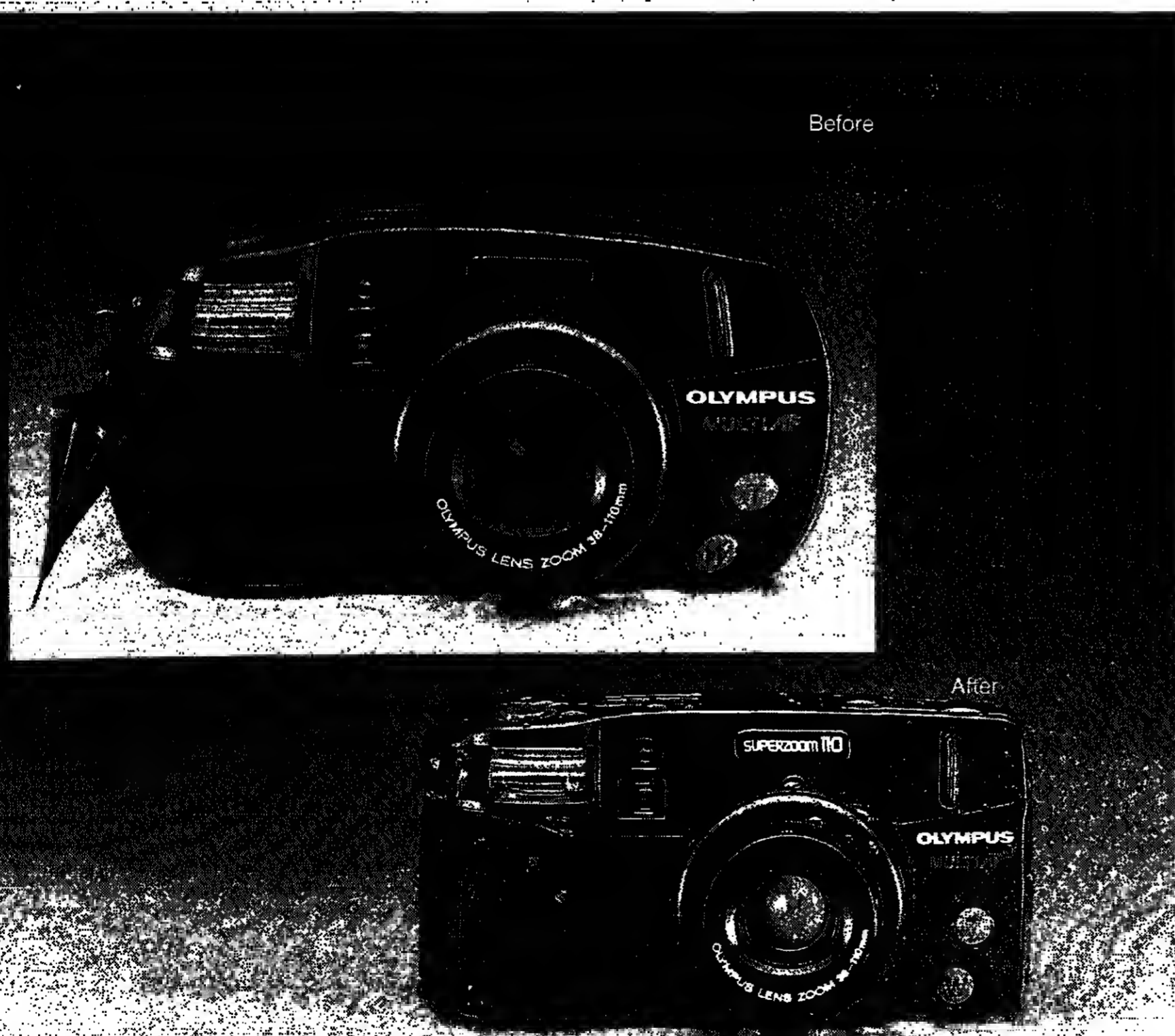
This time Japan lacks the same sense of crisis, in part because even as Japan's economy scrapes the trough of the current downturn, the pain of recession is muted by the reluctance of companies to fire workers. In addition, the economy is expected to pick up sometime later this year or early next, and the government is targeting 3.5 percent growth over the next five years.

Moreover, the changes being called for strike at the core of the social and economic contract, threatening vested interests that are sacrosanct in Japan. "Making changes will be like peeling an onion," said Paul Summerville, economist at Jardine Fleming Securities. "One layer at a time."

STREAMLINING Japan's distribution system, for example, would let consumers harness the strength of the yen and give foreign competitors better access to the market. But it could mean unemployment for millions of small shopkeepers, major supporters of the governing Liberal Democratic Party. "We've tried but have been unable to change the distribution system," said Naoki Tanaka, economist at the private Research Institute on the National Economy. "It will take a long time."

Yet, there are strong forces compelling change. The prime motivation behind *kyosei* is a growing fear that the outside world will no longer tolerate Japan as it is. "There's a realization that if Japan just goes along as before, with its own style of management, we'll be completely shut out," said Takamitsu Sawa, professor of economics at Kyoto University and director of the university's Institute of Economic Research. Even efficient aspects of the Japanese system, such as the *keiretsu* busi-

Continued on page 8



## We trimmed the excess. Not the technology.

Shaped-up. And slimmed down. Yet filled with the latest innovations. That's the new Olympus Superzoom 110.

Designed to fit in the palm of your hand, the Olympus Superzoom 110 weighs less than 500 grams, so it can go wherever you go. Without weighing you down.

And its sleek shape hides the fact that it contains a powerful 38mm - 110mm zoom lens. With a 460-step multi-beam autofocus system that lets you zoom in on your subjects accurately, in seconds.

With the Olympus Superzoom 110 you also get a fully automatic state-of-the-art 35mm zoom camera with advanced features and functions. Designed to improve your photography at the touch of a button. And the Olympus exclusive "Thinking Flash System" and spot metering capabilities bring professional results within your reach.

To top it off, the Olympus Superzoom 110 is weatherproof — so a little water, dust or bad weather won't harm it. Or the film.

So try the Olympus Superzoom 110 on for size. Once you do you'll see the difference. It's a heavy hitter. Not a heavy weight. SUPERZOOM 110

OLYMPUS  
OLYMPUS OPTICAL CO., LTD. Tokyo, New York, Hamburg, London





Japan / A Special Report

U.S.-Japan: The Slippery Slope to 'Managed Trade'

By David E. Sanger

TOKYO — When the Bush administration began setting its economic strategy for dealing with Japan four years ago, the American negotiators dispatched to Tokyo would invariably deliver a long, set speech about the dangers of "managed trade." The Japanese would nod in seeming agreement, agreeing that quotas and targets were ideologically impure thoughts for free traders. These days, few trade officials flying to Tokyo give that speech anymore.

growing if unarticulated sense in Washington that Japan really is different and, as a result, far different techniques are needed to cut through trade barriers that arise more because of tradition and industrial structure than explicit laws and regulations. But it is an approach that may yield more satisfaction in the short term than in the long term. Japanese are beginning to bristle about what they view as a perpetually dissatisfied United States, one that in their view would rather solve problems by negotiating specific market share than improving competitiveness. And European nations are increasingly vocal about being cut out of bilateral trade deals between Japan and the United States.

market share — 20 percent of the Japanese market — was contained in a secret sideletter. The secret, not surprisingly, did not last long, and the American trade position looked hypocritical. By the time the agreement was renewed, the market-share targets were made explicit. Today, the American approach to the issue hinges almost solely on the market-share figure — it hovers around 14 percent, depending on whose definition of market share one believes — rather than on the identification of market barriers. Several weeks ago, the U.S. trade representative's office began conducting a detailed study on whether Japan is truly trying to meet the 20 percent figure.

such goals has its political drawbacks: By naming a specific target, you open yourself to criticism that the numbers are grossly insufficient. Mr. Bush was immediately undercut by the American automakers who accompanied him. They pointed out that the 20,000-unit figure amounted to the equivalent of about three days of Japanese auto exports. "There is no agreement," Harold Poing, the head of Ford Motor Co., said that evening. In the ensuing months, automakers in Detroit and Tokyo have talked about boosting the numbers, with little result. But it is a discussion the Japanese say they feel uneasy with.

"There is the problem of antitrust," said Yutaka Kume, the chairman of Nissan Motor Co. "We cannot be seen to be carving up the market." But now the Bush administration is faced with the possibility that the technique it adopted may be taken to an extreme it cannot control. Trade legislation in Congress, which Mr. Bush has threatened to veto, would restrict the sales of Japanese products in the United States, including products made by Japanese transplants, if the United States does not reach specific levels of market penetration in Japan. Democrats are clearly hoping that if Mr. Bush blocks the legislation, he will look weak on trade issues in an election year.

DAVID E. SANGER writes for The New York Times from Tokyo.



Office workers in Tokyo's financial district.

Investing in Working Mothers

By Carol Lutfy

TOKYO — Yoko Kawashima epitomizes a new breed of Japanese career woman. It's not just that the 30-year-old marketing specialist has earned a spot on the management ladder at C. Itoh Fashion System, a high-profile fashion consulting and licensing firm. Or that she earns more money than the average Japanese man. Ms. Kawashima received a three-month paid maternity leave this year, the first woman in the history of the firm to secure that privilege. She negotiated a 28-hour work week, and she was granted a promotion to boot. "The company and I have made an eight-year investment in each other," she said. "Neither side wanted to throw it away."

Suzuki surprised her superiors late last month by announcing her resignation. "The job takes 100 percent of my energy, which I'll no longer have to devote to it," she said. "I have to start thinking about other things."

After a generation of encouraging such attitudes, Japanese corporations are now mounting a campaign to counter them. Ms. Suzuki said that her superiors have turned somersaults to try to keep her on the job: "They offered me time off and agreed to transfer me to a less demanding department," she explained. "But I think the right thing to do is quit."

A total of 64 percent of Japanese women want to stop working in order to raise their children, according to a study conducted by the Prime Minister's Office. When they return to the work force as so-called "part-time" employees (a term that does not necessarily correlate with the number of hours worked), the vast majority will be asked to accept less pay and less attractive conditions.

INDEED, inequalities persist in the Japanese workplace, where women earn \$5.50 to the male dollar (as compared with \$7.70 in the United States), a figure that is not bound to increase unless they build up seniority. Although the 1980s have been touted as a decade of great advances for Japanese women, only 31 percent said that employment conditions had improved since the Equal Employment Opportunity Law took effect in 1986, according to a Labor Ministry poll.

What is changing, however, is the society's model of a dutiful woman. Traditionally encouraged to support a predominantly male labor force from inside the home, women like Ms. Kawashima are now respected for their efforts to succeed in both spheres.

Last year, the Japanese Diet unanimously passed a Child Care Leave Law, which requires companies with more than 30 employees to give men and women a year's leave to care for newborns.

"Though it's a written law, it's not practiced to its fullest," said Mariko Fujiwara, an executive at the Hakuhodo Institute for Life and Living. "Nothing changes very quickly in Japan."

Nearly 70 percent of all employers want women to stay longer on the job, according to a 1991 Recruit survey, reflecting a new awareness that nurturing female talent is imperative to tackling Japan's growing labor shortage. But faced with the lowest birthrate — 1.53 children per woman — in its history, Japan cannot afford to let women choose between work and motherhood.

Once considered undesirable, working mothers now represent the single fastest growing segment of the Japanese labor force, accounting for 56 percent of all working women and 22.2 percent of the labor force as a whole. "The change in attitude toward working mothers is nothing less than revolutionary," said Sumiko Iwano, professor of sociology at Keio University and an expert on women's issues.

But the demand for working mothers has grown more quickly than an infrastructure to cope with their needs. Up against burdensome working hours, inadequate child care facilities and unsupportive home environments, even Japan's most talented women are still reluctant to juggle children and a career.

Take Keiko Suzuki, a graduate of Tokyo University, the nation's most prestigious four-year college. She is currently on the fast track at Nippon Telephone and Telegraph, where she works in the public relations department with the same pay and responsibility as her male colleagues. But 27 years old and three months pregnant, Ms.

CAROL LUTFY is a journalist based in Tokyo.

Southeast Asia Feels the Pinch

By Michael Richardson

SINGAPORE — Southeast Asia, which looks to Japan for large amounts of investment and trade, is starting to feel the pinch as Japan's longest postwar economic boom comes to an end. However, the flow of capital and commerce, although sharply lower than six months ago, is still substantial and many Asian executives are confident that the Japanese downturn will only be temporary. Moreover, the Japanese have "always been long-term strategic thinkers," said Idrus Jafar, managing director and group chief executive of Amtek Holdings Sdn Bhd of Malaysia. "They have invested in Southeast Asia to make major investments into the region, not to come in and out for a fast buck."

But until the domestic economy shows solid signs of recovery, companies in Japan are holding back from new investments, particularly in countries such as Thailand, where recent political turmoil has raised the risk factor. Those Japanese firms that have already invested heavily in the region are taking a more selective approach to plant expansion and upgrading. Japanese investments in the Association of Southeast Asian Nations are increasingly targeting domestic markets as well as using the region as a production base for exports, said Haruo Nakayama, managing director of the Singapore office of Nomura Research Institute. Economic growth rates of the ASEAN countries — Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei — remain among the highest in the world. Mr. Nakayama said that the dynamism of ASEAN "is a major trend of the 1990s" and Japanese companies want to be a part of the action. Economists of the Pacific Economic Cooperation Conference have forecast that the five main ASEAN economies will grow by

an average real rate of 6.4 percent in 1992 and 6.5 percent in 1993. These projections may prove to be on the high side if the downturn in Japan is prolonged. The faltering domestic economy has caused a sharp decline in imports from ASEAN since October. In 1991, imports were worth \$31.8 billion, while Japanese exports to ASEAN totaled \$37.7 billion. Exports have also been sluggish since October. "This stems mainly from Japan's declining investment in ASEAN, which has led to a cut in exports of capital goods like machinery and equipment," said a spokesman for the Japan External Trade Organization in Tokyo. A plunge in the value of real estate and other assets in Japan and mounting debt problems, particularly among Japanese banks, is curtailing the ability of companies to invest, and banks to lend, offshore. According to figures issued by the Ministry of Finance in Tokyo, Japanese direct investment in ASEAN countries fell from \$4.7 billion in 1989-90, to \$4 billion in 1990-91 and \$1.7 billion in the first half of 1991-92. Mann Bhaskaran, economic research director at Crosby Secur-

Table with columns for countries (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Total ASEAN) and years (86, 87, 88, 89, 90, 91, 92) showing trade figures in millions of U.S. dollars.

ties Pte. Ltd., said that although Japanese investment in the region is falling, commitments for manufacturing that would help sustain regional economic growth in 1992 and 1993 were already in the pipeline and could not be canceled. He said that while Japan was a significant export market for ASEAN, the United States, the European Community and other destinations accounted for well over two-thirds of sales. However, some Southeast Asian countries rely heavily on Japan for exports. About 42 percent of Indonesia's exports are to Japan, although most are vital oil and natural gas

MICHAEL RICHARDSON is the editor for Asia of the International Herald Tribune.

Our readers shape and move Japan.



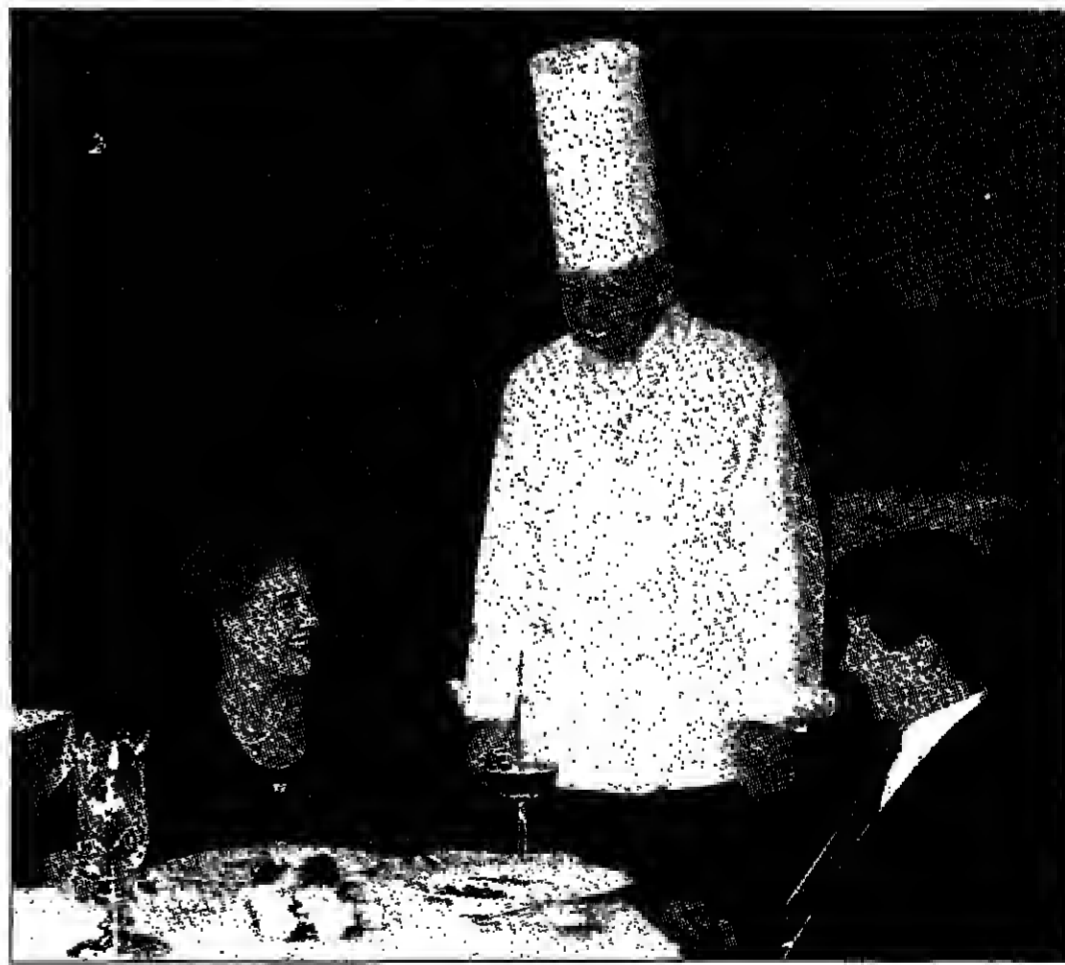
Since its founding in 1879, Asahi Shimbun has stood at the forefront of Japanese mass media and has built up its position as Japan's leading quality paper on the foundation of our readers' trust cultivated over a century. Asahi Shimbun's readers are intelligent and affluent and hold a global perspective. These readers shape and move Japanese public opinion.

Asahi Shimbun JAPAN'S LEADING NEWSPAPER 5-3-2 Tsukiji, Chuo-ku, Tokyo 104-11 Tel: +81-3-3545-0131 Fax: +81-3-3248-5437

Overseas Office and Representatives:

- List of international offices and representatives for Asahi Shimbun, including New York, London, Athens, Frankfurt, Vancouver, Toronto, Mexico, Rio de Janeiro, and Sydney.

The Heart of the Matter



They say "the way to a man's heart is through his stomach."

Whether you're a gourmet or gourmand; if you like rich French, succulent Chinese, or fresh Japanese cuisine, or, on the other hand, if you are on a no salt, low sugar or vegetarian diet, you'll delight in the tasty menus prepared by Executive Chef Karl Hoermann. Karl, who learned his trade in Salzburg, and perfected his skills in five-star establishments all over Europe, now runs the best hotel restaurants in Tokyo. At the Tokyu Hotels' flagship, the Capitol Tokyu! His dishes are fit for royal banquets, business lunches, family dinners as well as for weight-watching fashion models. Karl gets to the heart of the matter.

CAPITOL TOKYU HOTEL 10-3, Nagata-cho, 2-chome, Chiyoda-ku, Tokyo JAPAN Tel: (03) 3581-4511. Telex: 2223605 THCCAP J

Sales Offices: New York 800-822-0016, Los Angeles 800-624-5068, London 071-493-2585, Tokyo 03-3264-4438 Distinguished Hotels/Robert F. Warner, Inc. for the Capitol Tokyu and Kyoto Tokyu. Utell International for all Tokyu Hotels. Distin Reservations Offices.



CAPITAL MARKETS

The Dog Days of Summer Starting Early for Dollar

By Carl Gewirtz

PARIS — Having digested a record volume of new issues during the first half of this year, the international capital market appears headed for an early summer recess with reduced business as investors move to the sidelines waiting for a clearer view on the future of European monetary union and the outlook for the dollar.

The Euro and other high-yielding European bond markets, hit badly by Denmark's rejection of the Maastricht Treaty, firmed following Ireland's approval of the pact last week. But the outlook for a sustained recovery, analysts agree, is limited by the remaining hurdles — the French referendum in early autumn, British and German ratification and, not least, a way to reintegrate Denmark since unanimous approval is required.

"The European markets have stabilized," said Michael O'Hanlon, London-based analyst at Kidder, Peabody, "but they can't move materially ahead" until the remaining obstacles are cleared.

At the same time, demand for U.S. dollar paper is being tempered by the prospect of sustained weakness in the currency. Bankers report that dollar-based institutional investors are relatively indifferent to developments in the foreign exchange market and are active buyers of long-term paper, but they say international investors are slumping the sector.

Analysts agree that in addition to worries about slow U.S. growth and a possible further cut in U.S. interest rates, the dollar is suffering from the "Perot effect" — the likely candidacy of Ross Perot in the presidential election and the possibility that a three-way race will end in stalemate with no one winning a majority in the electoral college in November. In that event, the House of Representatives installed in early January would elect the president.

David Morrison, London-based analyst for Goldman Sachs, sees the dollar range-bound, between the low 1.50s to the mid-1.60s against the Deutsche mark. "The earliest we could see enthusiastic dollar is September-October, at the first prospect of a cut in rates by the Bundesbank, and the latest in January, after the U.S. election is sorted out," he said.

GEORGE MAGNUS, at S. G. Warburg in London, observed that "a really strong" U.S. recovery could provide a jumping board for the dollar. But, he added, the current prospect of not much more than 2 percent growth "is already fully discounted and not really enough" to lift the dollar. He sees it trading at new lows against European currencies by end-year.

The prospect of an election stalemate would be "further evidence of political paralysis," he added, and could be the trigger sending the dollar skidding.

Paul Chertkov, a London-based currency analyst for Union Bank of Switzerland, and a long-time dollar bull expecting to see it at 1.80 DM by year-end, now sees "very limited momentum" for the dollar to move up until German interest rates start to decline.

"The cost of speculating on a rise in the dollar is simply too expensive, with short-term German rates about 6 percentage points higher than dollar rates."

"The upside potential for the dollar prior to the election," he added, "is further reduced by the political uncertainty. Unless the scenario is considerably stronger than it now appears, the political uncertainty" of the election passing to the House "could cause very significant dollar sales."

"If the economy was growing sharply, the Federal Reserve would be able to counter a weak dollar by raising interest rates. But if it was no stronger than now and inflation remained under control, it would be difficult for the Fed to raise rates simply to support the dollar," Mr. Chertkov said.

That policy could be interpreted abroad as one of benign neglect and that could intensify dollar selling.

Or, as Jonathan Wilmot of Credit Suisse First Boston in London put it, "economic fundamentals argue for a recovery, but politics argue for further weakness" of the dollar.

Both Mr. Wilmot and David Hale at Kemper Financial Services in Chicago also stress the fallout on foreign markets from either a victory by Mr. Perot or success in his attempts to push the other candidates into adopting a more protectionist position on trade.

"If the United States were to pursue more protectionist trade policies and abandon the free-trade agreement with Mexico, there would be an immediate crisis in the stock markets of Mexico, Hong Kong, Japan and other countries which are highly sensitive to U.S. trade policy," said Mr. Hale.

While the overwhelping mood in the foreign-exchange market

It's too expensive to speculate on a rise in the dollar with German rates so high.

Business Poll Led By Japan

U.S. Falls to 5th In Competitiveness

Compiled by Our Staff From Dispatches

GENEVA — Japan remains the world's most competitive country while the United States has fallen from second place to fifth, according to an annual survey to be published Monday by two Swiss-based consultancies.

The World Competitiveness Report said Germany had risen from third to second place despite the cost of reunification.

Using statistics and responses to surveys mailed to 18,000 executives around the world, the report compiled jointly by the World Economic Forum and the International Institute for Management Development sought to rank national environments that were most conducive to the competitiveness of companies operating there.

Denmark made the most improvement, rising from eighth to fourth, but the report said this placing could be jeopardized by its rejection of the Maastricht treaty. Denmark's young people were rated more work-minded than anywhere else.

Singapore headed the list of newly industrialized countries. The report covers 37 countries.

The report said the strength of the Japanese economy was unmatched, although in decline.

In terms of integration in the international economy, Japan dropped from first to sixth because of national protectionism and the slowing of export growth.

"Japan's lead in management, research and development and education remains unchallenged, even though the Japanese people are becoming impatient with the traditional hard-work lifestyle," the study said.

(AP, Reuters)

Chrysler to Stay Independent

Future Chief Sees No Necessity for Alliance

By Doron P. Levin

DETROIT — Robert J. Eaton, the former executive at General Motors who will become Chrysler's chief next year, expressed certainty that the No.3 automaker could survive without a merger or alliance.

Mr. Eaton, currently chief operating officer of Chrysler Corp., said in an interview that the company's new products, leaner manufacturing operation and a recovering economy "mean we can strengthen ourselves so we don't have to look to anyone." The man he will succeed as chairman, Lee A. Iacocca, pursued merger talks with Fiat SpA.

For Chrysler to remain independent, Mr. Eaton said, "We have to pay attention to the fundamentals of the business, generate adequate profit and pay down our unfunded pension liabilities," which are about \$4.4 billion.

With the impending retirement of Mr. Iacocca, the industry's most outspoken critic of American trade policy, Mr. Eaton hinted that he might be ready to step into that role.

"This industry and manufacturing in general has been deteriorating for the last 10 years because of a nonlevel playing field the country has been willing to permit," he said.

"I would hope this country would talk about the trade deficit," he said, adding that in his opinion it cannot survive as a leading nation unless trade policy is changed along the lines of the European Community's cap on sales by Japanese automakers. He helped formulate the European response while working for GM in Europe.

On the other hand, he supports free trade with Mexico, which the United Automobile Workers union opposes.

Mr. Eaton said that next week he would review final details before the production start for new midsize car models at a plant in Bramalea, Ontario. Named the Chrysler Concorde, Dodge Intrepid and Eagle Vision, the cars are as important to the automaker as the celebrated K-cars were to the rescue of Chrysler in an earlier decade.

Although Chrysler's balance sheet remains weak, Mr. Eaton has arrived at a moment when the company's prospects for health and independence are better than they have been in several years.

The new Jeep Grand Cherokee is selling briskly, prototypes of the midsize cars have received glowing reviews from automotive writers and sales of Chrysler's stalwart minivan are holding up despite growing competition.

Consequently, the price of Chrysler's common stock has more than doubled since Dec. 20, when it traded at \$10 a share. The shares closed Friday at \$21.375 each, up 25 cents, on the New York Stock Exchange.

Mr. Eaton played down the significance of recent gains in market share by the Big Three, at the expense of the Japanese. He said he did not think the Japanese share would keep falling.

"They can react quickly and powerfully," he said. "They have problems at home. You saw them respond to a weakening yen in the mid-1980s by lowering costs, and they'll do the same thing again. But it's pleasant while it lasts."

The collapse of the Tokyo stock market, falling real estate prices and higher capital costs have forced Japanese automakers to raise prices. Mr. Eaton expects they will soon cut costs and begin a drive to increase their share again.

He expects Toyota Motor Corp. to introduce a new pickup this year that will compete with a new Chrysler truck that will be brought out next year. Toyota has delayed introduction of the truck because of political pressure and concerns about production.

Capping more than a year of uncertainty over executive succession, followed by the surprise defection of Mr. Eaton from GM, his comments suggest that he is swiftly assuming authority over daily operations as well as Chrysler's strategic direction.

"Chrysler is in excellent position," he said, "getting through this recession without cutting any of its spending on new products."

Moreover, Mr. Eaton has managed to avoid so far the political bloodletting that accompanies some executive successions in Detroit.

His rival for the top job, Robert A. Lutz, has been widely quoted with praise for the new chief executive. Industry executives and analysts had wondered whether Mr. Lutz, Chrysler's president, would remain with the corporation.

IBM, Toshiba To Join Forces On New Chip

By Andrew Pollack

NEW YORK — IBM and Toshiba Corp. are planning to join forces in one of the fastest-growing segments of the semiconductor business, industry executives said over the weekend.

The two companies are expected to jointly develop flash memory chips, a relatively new type of chip that has the potential to take the place of magnetic disks for permanent information storage in computers. IBM and Toshiba are also expected to cooperate in developing products that use such chips.

In a departure from past practice, International Business Machines Corp. is expected to sell the chips to other companies as well as use them in its own computers. Until now, with rare exceptions, IBM has made chips only for its own use.

The alliance, which was first reported by two Japanese newspapers on Saturday, could be announced as early as this week.

Jon Iwata, a spokesman at IBM headquarters in Armonk, New York, confirmed this weekend that the company was planning an alliance for the development of flash memories, but he declined to identify its partner. He also confirmed that IBM planned to sell some of the chips it would make.

Similarly, a Toshiba spokesman here said the company was looking for partners in flash memories, but he did not mention names.

Flash memories are attracting considerable attention because they can retain the information they store even when the computer's power is turned off, unlike conventional dynamic random-access memories. That makes them ideal to replace bulky magnetic hard disks in energy-hungry laptop computers.

Flash memories, which are expected to take market share from D-RAM chips, also have the potential to replace magnetic disks. They are faster and smaller and, because they have no moving parts, should be more rugged and use less power.

Flash memories, however, are significantly more expensive than disks and provide lower capacity.

But as costs come down, the use of these chips is expected to increase. Dataquest, a market-research firm in San Jose, California, expects sales of flash chips to surge to \$1.5 billion in 1995, from \$130 million in 1991.

Toshiba, one of the world's largest producers of memory chips, is generally considered to have developed the first flash memory chip in the mid-1980s, but it was an American company, Intel Corp., that suc-

Delors Says Danes May Lose CAP

PARIS — Denmark may have to drop out of the European Community's Common Agricultural Policy because of its rejection of the Maastricht treaty, Jacques Delors, the EC Commission president, said on Sunday.

"The Common Agricultural Policy is part of the marriage contract," Mr. Delors said in a French television interview. "Denmark gains a lot through the CAP."

"So it is possible that its partners will limit their cooperation, for example, just to the advantages of a big market without barriers and no more."

Danish voters rejected the Maastricht treaty on European union in a referendum June 2.

Mr. Delors extended his warning to any other country that failed to ratify Maastricht, talking about "the 11, or the 10" countries in the 12-member EC expected to go along with the treaty — an apparent reference to France, which is holding a referendum in the fall.

Mr. Delors also held out a lifeline to Denmark, saying cancellation of CAP benefits would only become an issue once a country had confirmed it had definitively rejected Maastricht.

Paris Notebook

A Businessman, Yes, but He's No Perot

If it was meant as a trial balloon, it has taken flight more like a bowling ball. Unlike Ross Perot, the billionaire businessman who has captured the support of more than a third of the U.S. electorate, Peugeot SA's chairman, Jacques Calvet, has drawn little more than bemusement from the French business community since he let out a few weeks ago that he was "ready to run for president in 1995, even if I have one chance in a thousand of winning."

Mr. Calvet is known for an iron-fisted management that has brought the maker of Peugeot and Citroën cars back to financial strength in recent years. But his strong, sometimes extreme views on Europe and his vociferous opposition to further entry into Europe by Japanese automakers have put him on the margin of political thought within the French business community.

"It's a joke," said one Paris stockbroker. "Here's a guy who argues that auto pollution can't be bad for the forests, otherwise trees wouldn't grow alongside highways."

But there could be a silver lining in a presidential bid, which would necessarily force Mr. Calvet to step down from PSA. "Calvet has done an awful lot for the company, which is now perhaps the strongest automaker in Europe," says a London auto industry analyst. "But his political outbursts have been a depressing factor on PSA's share price."

A Renault Sell-Off?

With the government of Prime Minister Pierre Bérégovoy raising the possibility of resuming privatizations after next year's legislative elections, some believe the state-owned carmaker Renault could be in a good position to hit the auction block.

The company has turned in a good financial performance despite tough market conditions, and it has had successful new products, particularly the R-19, which is doing very well in Germany, and the Clio, a success throughout Europe. This fall it will launch a high-volume small car, which aims to show that Renault has innovative product ideas. By

next summer, the rollout should be well under way, along with a preliminary verdict. In addition, by that time it should be clear whether or not Renault and Sweden's Volvo AB can find a way to join forces. The two companies, which already have a limited cross-shareholding arrangement, are in merger or discussions.

In the meantime, however, don't rule out a partial sale of Renault stock to a French institution — a way for the government to raise money to fund unemployment benefits.

A Disney Ride

Euro Disneyland shareholders should strap themselves in for a roller-coaster ride for the next six months as the market tries to discern how well the new theme park near Paris is catching on.

So far, the ride has been a dizzying free-fall, with Euro Disney's shares losing a third of their value after crashing at 165 francs in March. On Friday, they closed at 112.5 francs.

The decline wasn't halted earlier this month when the resort's management, bedeviled by a rumor mill which spoke of disastrous attendance, broke with Disney custom and issued a statement affirming that "more than a million and a half people" had passed through the turnstiles since Euro Disney's opening April 12. That would work out to around 30,000 visitors a day — more than the 20,000-25,000 estimated by analysts, but still less than the high-season level of around 40,000 believed needed to achieve Disney's first-year attendance goal of 11 million.

Joe Hall, analyst with Baccot-Allain-Farria in Paris, says his best guess now is that Disney will miss its target by up to 9 percent, ending the year with 10-10.5 million people.

Also deflating the stock was the announcement that the opening of a movie theme park, was being pushed back a year, to 1996, because of administrative delays linked to regional elections this spring.

Though analysts believe the stock is now close to its real value, there could be plenty of twists and turns before the next numbers are released in the fall. Key to the movement will be anecdotal — and thus dubious — assessments of crowds and the mix of languages heard at the park. French visitors are supposed to make up half the customer base, but have reportedly been slow to try the park up to now. And even if attendance is less than anticipated, higher spending by those who do come could more than compensate, analysts point out.

Downmarket Options

The French Stock Exchange wants to spread the gospel of its 5-year-old options market to individual investors, but insiders don't expect many easy converts.

The March de Options Négociables de Paris is planning pilot programs this fall to educate small investors about stock options. It will be working with large banks, targeting well-heeled customers.

The idea is to attract investors to the MONEP who, up to now, have been speculating on the monthly settlement market, which is set to be phased out next year.

But the complexities of the derivatives market, the high risk and the high entry price — at least 20,000 francs (\$3,775) — should discourage most individuals, insiders say.

The MONEP has grown fast among French fund managers, who see its flagship product, the CAC-40 index option, as an ideal tool for covering themselves on the French market in times of turmoil. For foreign investors, the index option offers a way to buy a position on the market without having to think much about individual stocks.

In 1991, propelled by the Gulf War and the Soviet coup, trading volume in the CAC-40 option soared 54 percent, to about 3.8 million contracts, representing about 18.4 billion francs. This put it in fourth place worldwide, though far behind Japan's Nikkei 225 and Chicago's S&P 100 and S&P 500, the first three.

Jacques Neher

CURRENCY RATES

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Amsterdam, Brussels, Frankfurt, London, New York, Paris, Tokyo, Zurich, and various other currencies.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australia, Canada, Hong Kong, India, Japan, Korea, Singapore, Taiwan, Thailand, and various other currencies.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for 3-month, 6-month, and 12-month rates for various currencies.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for 3-month, 6-month, and 12-month rates for various currencies.

Last Week's Markets

Table with columns for Stock Indexes and Money Rates. Includes entries for DJ Index, NYSE, FTSE 100, DAX, Nikkei 225, and various other market indicators.

Advertisement for CS Prime Metal Management Company and CS Euro Finance Fund Management Company. Includes text about mergers with CS Gold Mines and CS Euro Blue Chips, and contact information for both companies.

Advertisement for MONTEREY TRUST, SICAV. Includes text about the annual general meeting of shareholders and contact information for the board of directors.



New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Lists various international bond issues from companies like Cariplo, Den Norske Bank, Eagle 2, etc.

Testing the Economic Waters

Treasury Market Tries to Second-Guess Fed

Compiled by Our Staff From Dispatches. NEW YORK — The U.S. Treasury market faces two note auctions in the coming week and must distribute the new supply as it tries to assess the economy's strength. The Treasury plans to sell \$15 billion of two-year notes on Tuesday, June 23, and \$10.5 billion of five-year notes Wednesday. The Treasury has scheduled an auction of \$14.25 billion in one-year bills for Thursday.

BUSINESS BRIEFS

Denmark Plays Down Unibank Fears

COPENHAGEN (AFP) — The Danish Central Bank denied Sunday rumors of a possible suspension of payments by, or even a closing of, Unibank, the country's second-biggest financial institution. The bank said the rumors, which have been circulating since Thursday, were "unjustified," and that it had decided to supply the bank with the capital needed to avoid liquidity problems.

Supplemental Budget Seen for Japan

TOKYO (Bloomberg) — Prime Minister Kiichi Miyazawa of Japan has urged his ruling Liberal Democratic Party to come up with additional fiscal measures to stimulate the country's economy, according to the financial newspaper Nihon Keizai. Mr. Miyazawa reportedly told the chairman of the party's policy research council that the government hoped to compile a supplementary budget before the economic summit meetings to be held next month in Munich, the newspaper said.

India Lifts Remittance Restrictions

NEW DELHI (AFP) — India has withdrawn its regulation that required export earnings to be equivalent to any dividends remitted to foreign investors, a government statement said. Newspapers noted Saturday that the move coincided with a visit by Prime Minister P.V. Narasimha Rao to Japan, where he seeks approval for quick disbursement of a \$500 million loan. Japanese trade delegations have sought a freer hand in India to repatriate profits and cut work forces.

Ukraine Said to Cut Oil Pipeline Flow

MOSCOW (Reuters) — Ukraine has cut the flow of Russian oil through pipelines on its territory by 25 percent in an attempt to force payment of transit dues, Russian television reported. Ukraine is claiming \$5.5 million in fees for use of the pipeline that transports Russian oil to Hungary and Czechoslovakia. In addition, Western gas companies have reported that gas pressure has been falling as Ukraine taps pipelines for its own use. Oil is Russia's biggest hard-currency export.

Estonia Drops Ruble for the Kroon

TALLINN, Estonia (Reuters) — With a brightly colored new banknote called the kroon, Estonia became the first former Soviet republic to abandon the increasingly worthless ruble that symbolized five decades of Soviet rule. The three-day currency transformation ends on Monday. There were so many tourists in Tallinn over the weekend that additional kroons had to be called for. "There will be uncertainty at the beginning, but things should be clearer in July when people start receiving salaries in kroons," said Guido Sammelberg, director of the Bank of Tallinn. The convertible currency is pegged at eight kroon to the Deutsche mark.

Venezuela Readmits Oil Companies

CARACAS (AP) — For the first time since nationalization in 1975, Venezuela has approved several foreign companies for 20-year contracts to explore and produce marginal fields. Bonton Oil & Gas Co. has teamed up with Vinoxco, a construction concern based here, to pump oil from three fields that had been previously abandoned, officials said. A similar deal went to Japan's Teikoku Co.

Ricoh Develops Copycat Computer

TOKYO (NYT) — Ricoh Co. said it had developed a computer that required no software because it learns what to do by example. Users would input examples to teach the computer how to perform tasks like recognizing letters or controlling a chemical process. Ricoh said it was the first neural-network computer, which follows the function of the human brain, that is strictly hardware, allowing a great increase in the speed at which the computer learns.

For the Record

An Indian judge ordered detectives investigating a billion-dollar bond scandal to bring specific charges, on Monday, against the alleged mastermind, Harshad Mehta, and 10 other suspects. (AFP)

By Sparring the Tree, New Process Enhances Drug's Market Prospects

By Gina Kolata. NEW YORK — Until recently, officials at the National Cancer Institute feared that some patients could end up literally begging for a promising new drug extracted from the bark of the yew tree in the Pacific Northwest United States. The problem now seems to be solved by a process that avoids harvesting the entire tree. Furthermore, the drug, called taxol, has a competitor that would be equally sparing of yew trees. Financial analysts are predicting revenues of at least several hundred million dollars for two drug companies, Bristol-Myers Squibb, which produces taxol, and Rhône-Poulenc Rorer Inc., which makes taxotere.

DOLLAR: Currency's Summer Dog Days Have Begun

(Continued from first finance page) is geared to continued dollar weakness, there is a contrarian opinion — which, by definition, means off the wall and out of favor. Bundesbank policy-makers are scheduled to meet July 16 and then take a three-week summer recess. The meeting, which came as a surprise to many analysts but which a central bank spokesman said had been scheduled since the start of the year, will look at revising the monetary growth targets. The over-target growth, last seen running at almost a 9 percent annual rate, includes some important extraneous factors — the inverted yield curve that is pulling money out of long-term instruments into the higher-yielding short-deposits and the increasing use of the mark as a parallel currency outside Germany. Neither factor is worrisome as a harbinger of future inflation inside Germany.

China Shelves Plans for 3d Stock Market

BEIJING — The governor of the People's Bank of China, Li Guixian, said plans for a third stock market had been put on hold as authorities grappled with managing existing markets in Shanghai and Shenzhen, according to a report published Sunday. Mr. Li, quoted in the People's Bank of China Weekly Digest, said authorities hoped to learn more about stock markets from experiences in Shanghai and the southern Special Economic Zone of Shenzhen, whose markets opened in 1990 and 1991. The decision is a step backward for the Chinese, who earlier announced that they would open a third stock exchange in a northern city to balance economic development that has so far been concentrated in the south.

CAPITAL: For U.S. Deal Junkies, Prague Is Heaven

(Continued from page 1) said Mart Bakal, a former Drexel Burnham director who leads the Crimston team. "We reckon if we can't get things done, why be here?" But the very pace of these and other transactions raises questions of central importance to all former Soviet bloc countries as they seek to switch to market economies. Will the disposal of large swaths of an economy to foreign corporations inevitably provoke a political backlash? What alternative is there when domestic capital is scarce? Will the Czechoslovak method of pushing for rapid privatization, as recently preached by Finance Minister Vaclav Klaus, be vindicated? Or do the more cautious methods of Hungary and Poland provide a better model for Russia as it too confronts the core issue of disposing of state property? Already, within Czechoslovakia, sharp differences have emerged. Vladimir Meciar, who was the big winner in Slovakia in the nation's elections this month, opposes Mr. Klaus's rapid economic changes. These changes include a mass sale of shares in 1,446 state companies to the public through a complex voucher system, as well as the sales to foreigners. Indeed, differences between Mr. Klaus and Mr. Meciar on various issues are so great that a break-up of the 74-year-old Czechoslovak federation may occur.

Euromarts At a Glance

Table with columns: Country, Bid, Ask, Bid, Ask. Lists various Euromarkets and their current rates.

MUTUAL FUNDS table with columns: Fund Name, Bid, Ask, Bid, Ask. Lists various mutual funds and their current values.

Advertisement for BusinessWeek International. Includes text: "This week's topics: Can The U.S. Auto Comeback Hold? How Apple Scores Big In Japan..." and contact information for subscriptions.



MONDAY SPORTS BASEBALL

Robinson Leads Pirates Past Expos

The Associated Press Jeff Robinson pitched scoreless baseball for his second straight start and Orlando Merced hit his first home run of the season as the Pittsburgh Pirates avoided a four-game sweep by beating the Montreal Expos 5-4 Sunday in Pittsburgh.

NATIONAL LEAGUE

Robinson has allowed eight hits in 11 scoreless innings in his first two Pirate starts. The Pirates' bullpen, which couldn't hold a 2-0 lead for Robinson in Pittsburgh's 6-5, 12-inning victory over Philadelphia last Tuesday, again gave him a few tense moments. Robinson left with a 5-0 lead, but Denny Neagle was tagged for three runs without retiring a batter before Roger Mason worked out of the seventh.

Tim Wallach doubled, Matt Stairs walked and Spike Owen singled in Wallach, bringing on Mason, who allowed Archi Cianfrocca to single and a bases-loaded walk to Marquis Grissom. Delmo DeStefano sacrificed fly made it 5-3.

Braves 2, Reds 8. In Atlanta, Mike Bielecki and two relievers combined on a six-hit effort as Atlanta beat Cincinnati to take three of four games in the series.

The Braves, who have won 19 of 22 games, took the final three games of the series between two of baseball's hottest teams to edge within 1 1/2 games of the first-place Reds in the National League West.

Despite losing three games in a row, Cincinnati has won 19 of the last 26 games.

Sid Bream's two-out single in the sixth inning scored Terry Pendleton, who had singled and moved to second on a groundout, to break up a pitching duel between Bielecki (2-3) and Jose Rijo (3-6).

Mets 6, Cardinals 2. In New York, Vinco Coleman's three-run homer capped a five-run rally in the seventh as the Mets defeated St. Louis. It was only the Mets' third victory in their last 10 games. Both New York and St. Louis have lost 16 of their last 23 games.

Winner David Cone (7-4) pitched seven innings, allowing two runs and seven hits. Cone struck out 11 to increase his National League-leading total to 114.

It marked the fourth time this season — and 29th in his career — that Cone has fanned 10 or more in a game. Jeff Innis pitched a scoreless eighth inning and John Franco got the last three outs.

Cubs 5, Phillies 2. In Philadelphia, Mike Morgan pitched a six-hit ball for 8 1/2 innings and Rey Sanchez drove in three runs for Chicago.

Morgan (6-2) won his sixth straight decision, striking out three and walking four, as the Cubs won for the eighth time in 10 games.

Paul Assenmacher got the last out for his third save, fanning Dale Svein with the bases loaded.

Rookie Kyle Abbott (0-8), just recalled from the minors, gave up four runs and eight hits in 5 1/2 innings. Morgan was two outs away from a shutout when Dave Hollins hit a two-run homer in the bottom of the ninth.

In games Saturday: Braves 7, Reds 1. Steve Avery survived giving up 11 hits in 7 1/2 innings for his fourth straight victory as Atlanta won at home. The Braves won their second straight against Cincinnati. Avery struck out two and walked one before Kent Mercker relieved in the eighth. Mercker got the last five outs for his first save.

Expos 4, Pirates 3. In Pittsburgh, the Pirates' first error in 10 games led to a four-run Montreal second and Mark Gardner survived a shaky start for the victory.

Phillies 4, Cubs 1. Terry Mulholland pitched three-hit ball for seven innings in Philadelphia and won for the sixth time in seven decisions.

Mulholland struck out two and walked none, and the only run he allowed was Ryne Sandberg's homer in the seventh.

Cardinals 6, Mets 1. In New York, Bob Towles pitched a five-hitter, retiring 23 of the final 26 batters, for the St. Louis victory. The punchless Mets have lost eight of 10 on their current season-high 14-game homestand, and 16 of their last 22 games overall.

Astrals 1, Dodgers 6. Eric Anthony's run-scoring pinch single with none out in the bottom of the ninth in Houston, sent last-place Los Angeles to its ninth straight loss.

Giants 3, Padres 1. Bud Black pitched seven strong innings and Cory Snyder hit a two-run single in San Francisco. Black won his fourth straight decision to match a career best. He allowed one run, nine hits, struck out four and walked two.



Butch Reynolds, who won an appeal in the U.S. Supreme Court.

U.S. Delays 400 Heats After Ruling

Supreme Court Backs Reynolds in Battle Against IAAF

NEW ORLEANS—Officials of the Athletics Congress and the U.S. Olympic Committee scrambled Sunday to try to give the United States a chance to field a 400-meter men's team for next month's Olympics in Barcelona.

Leaders of the two bodies appealed to the International Amateur Athletics Federation to waive a rule that bars from the Games any athlete who competes against suspended world record holder Butch Reynolds at the U.S. trials.

Reynolds won a last-ditch appeal Saturday when the U.S. Supreme Court cleared the way for him to run in qualifying heats.

But TAC, track's governing body in the United States, postponed the heats until Tuesday because 30 of the 32 competitors voted to boycott the qualifying races. Before they agree to run against Reynolds, they want the IAAF to waive the "contamination rule" that punishes anyone who competes against a suspended athlete.

Olan Cassel, TAC's executive director and a vice president of the IAAF, said he had been in contact with the IAAF's president, Primo Nebiolo, and that Nebiolo would recommend to the 23-member IAAF Council that the IAAF waive the rule. That would clear the way for all Reynolds' competitors to race in the Olympic trials without fear of suspension.

The IAAF suspended Reynolds for two years after finding that he tested positive for steroid use in August 1990.

"The IAAF has its rules," Jarvan Gyulai, its general secretary, said Saturday from London after the Supreme Court decision. "However, if they are, they have to be enforced. Anyone who competes in the same heat will have to be disqualified. We have no other authorization. I admire the American 400-meter runners, and I would hate to see the Olympics without them. But our rules must be understood and followed."

Gyulai said that the IAAF's position had been made clear to TAC and that the suspensions would affect only those athletes who run in the same race as Reynolds.

Mike Moran, a spokesman for the U.S. Olympic Committee, said the committee would fight the IAAF if it tried to bar eligible athletes from Barcelona. He said it was unacceptable to ban athletes who qualified for the Olympics.

Reynolds learned of his Supreme Court victory less than two hours before the 400-meter qualifying originally was scheduled to start.

The first heats were to begin at 3:45 P.M., but were delayed until 6 P.M. as officials discussed the Supreme Court ruling and its possible consequences. Then they were postponed until Sunday.

In brief remarks preceding his grant of the stay, Stevens said that threats by the IAAF to suspend any athlete who runs against Reynolds "cannot dictate the proper disposition" of Reynolds' claim.

Reynolds has argued all along that the urine samples were mixed up before being tested and that he never has used a performance-enhancing drug. (AP, NYT, Reuters)

Lewis Falls at 100 Meters Carl Lewis failed on Saturday to finish among the top three in the men's 100-meter final at the U.S. Olympic trials and thus will not compete in the event in the Barcelona, The New York Times reported from New Orleans.

The world-record holder and two-time Olympic gold medalist started slowly and finished sixth behind Dennis Mitchell, Mark Witherspoon, Leroy Burrell — the three new Olympians — as well as Mike Marsh and James Jetton.

It was the worst placement by Lewis in any major event since he finished ninth in the World Cup 100-meter final 11 years ago in Rome. Since then, he has not finished lower than fourth, which he only did once, in the 200 meters at the U.S. championships in 1986.

Lewis's time was 10.28, slightly slower than the 10.27 he ran earlier in the day in the semifinals.

Andre Cason, the world 60-meter indoor-record holder, had injured an Achilles tendon in the 100-meter preliminaries Friday. A member of last year's world record-setting U.S. 4x100-meter relay team, he had run the fastest 100 in the world this year, a wind-aided 9.88 seconds.

Ben Johnson Qualifies Ben Johnson, the Canadian sprinter whose rise and fall from grace made him one of the world's most controversial track and field figures, completed a dramatic two-year comeback Saturday by earning a berth on Canada's Olympic team, The New York Times reported from Montreal.

He finished second to Bruny Surin, the Canadian 100-meter champion. Surin's time was 10.11 seconds with Johnson at 10.16.

Appier and Royals Shut Out the Blue Jays, 2-0

The Associated Press Kevin Appier shut out the Toronto Blue Jays on five hits for eight innings on Sunday, outdueling Jimmy Key and leading the Royals to a 2-0 victory in Kansas City, Missouri.

Appier (7-3), who had never beaten the Blue Jays in four tries, struck out seven and walked three. Jeff Montgomery pitched the ninth for his 16th save.

Key (4-6) pitched eight innings and gave up eight strikeouts, no walks and had five hits, but lost for the fifth time in seven starts.

Wally Joyner and George Brett stroked RBI singles in the third as the Royals, in last place in the American League West, took two of three from the AL East leaders.

The Blue Jays had at least one baserunner in each of the first six innings. Dave Winfield walked leading off the fourth and appeared to have stolen second. But Candy Maldonado was called out for interfering with the catcher's throw and then Pat Borders grounded out to end the inning.

Twins 5, Mariners 6. In Minneapolis, Willie Banks finally showed why Minnesota made him the first pitcher drafted five years ago, allowing four hits in six-plus innings, and Tom Edens completed the shutout with three innings of perfect relief.

Banks (1-1) walked two, struck out five and took a three-hitter into the seventh. After he walked Kevin Mitchell on four pitches and gave up Pete O'Brien's single, Edens came on and retired the final nine batters for his second save.

Rookie Mike Walker (0-1) allowed 10 hits and four runs in 4 1/2 innings. He put his team in a first-inning hole by giving up Shane Bush's two-run homer.

Banks, the third overall pick in June 1987, rarely impressed in his first five pro seasons, most of which were in the minors. His only other Minnesota victory came last Aug. 6.

Appier and Royals Shut Out the Blue Jays, 2-0

McCasill shut out Detroit until a fly ball was lost in the lights in the eighth in Chicago as the White Sox beat Detroit to end a six-game losing streak.

Ron Karkovice homered in the fifth as Chicago spoiled the major league debut of Buddy Groom.

Brewers 4, Indians 1. In Milwaukee, Chris Bosis allowed only two hits before leaving with a knee injury and Paul Molitor homered to defeat Cleveland.

Bosis struck out Thomas Howard for the second out in the sixth and then left the game after hyperextending a ligament in his left knee. He allowed the two hits and one unearned run in his 5 1/2 innings.

Yankees 9, Orioles 5. Mel Hall went four-for-four to lead a 15-hit attack that lifted New York to Baltimore.

Hall homered, doubled and drove in three runs. The Yankees got seven runs, nine hits and five walks off Rick Sutcliffe in 5 1/2 innings. Sutcliffe, felled for a second time in his bid to win his 10th game, had won four straight decisions since May 23.

Blue Jays 6, Royals 1. In Kansas City, Missouri, Juan Guzman shut down the Royals on five hits for eight innings and led Toronto Blue to victory.

Guzman struck out five and walked two. His winning percentage of .900 is best in the major leagues among pitchers with more than six victories.

Rangers 4, Red Sox 1. Kevin Brown became the third 10-game winner in the major leagues as the Rangers defeated Boston in Arlington, Texas. Dean Palmer homered and drove in three runs as Texas beat Boston for the 11th time in the last 12 games at Arlington Stadium.

Brown allowed one earned run on five hits, struck out a career-high nine and walked none in eight innings. Kenny Rogers pitched the ninth for his fourth save. John Dopson was the loser.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, June 19.

Table with columns for company names, stock prices, and market data. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Table with columns for company names, stock prices, and market data. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Table with columns for company names, stock prices, and market data. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Table with columns for company names, stock prices, and market data. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.





MONDAY SPORTS EURO 92

Kite Joins Morgan in Golf Lead

PEBBLE BEACH, California — Tom Kite joined Gil Morgan as a co-leader at 4-under-par early in Sunday's final round of the 92nd U.S. Open...

Morgan's Ups and Downs

Just when Morgan was on the verge of making the U.S. Open an unmitigated runaway — after he had crashed through and beyond the 10-under-par barrier and built a seven-shot lead — the cliffs of Pebble Beach reared up and set up one of the most attractive golf Sundays in memory.

Amazingly, nearly everyone was back in this Open, from Kite to Seve Ballesteros to Nick Faldo to the defending champion, Payne Stewart, even to Andy Dillard.

Morgan was still the leader. There was no question he would be after he played the first seven holes in 3 under par on Saturday. There seemed no question that he wouldn't be after he played the next seven in 7 over par.

But long birdie putts on the 16th and 18th got him back into the lead at 4-under 212, by a shot over Woosnam, Brooks and Kite.

What happened to Morgan was difficult to believe, particularly after he played the first 43 holes of the championship in an astonishing and unprecedented 12 under par.

Starting the day 9 under par with a three-shot lead over Dillard, Morgan narrowly missed birdies on the first two holes and then holed a 25-footer (7.5 meters) for a birdie on the par-4 third hole.

After a good drive on the 431-yard par-4 8th hole, Morgan hit a solid 3-iron that bounced through the green into heavy rough. His attempt at a finesse sand-wood flop shot came up short of the green, and his next chip ran 15 feet past the hole.

When Morgan missed, he had his first double bogey of the tournament and his lead was six over his closest partner, Dillard.

On the 464-yard ninth hole, Morgan's tee shot with a 5-iron found a greenside bunker, and his explosion left him a 10-foot putt that he missed. Then on the 426-yard 10th, Morgan hit a poor 5-iron that hung up to the right before disappearing over the cliff that borders the green.

Another double bogey and the lead was three over Dillard. Morgan bogeyed the 384-yard 11th when his slightly pushed drive found rough so deep that he could not reach the green with his approach. On the 12th, his 3-iron sailed into the bunker on the right. The lead was down to two.

The last chapter of Morgan's massive topk place on the par-5 13th, where he chucked his wedge third shot short of the green, pitched over the green on his fourth, chipped long and two-putted for yet another double bogey. The lead was gone, and he was tied with Woosnam and Brooks, and Gary Hallberg and Kite, were playing up ahead.

But just as his free-fall looked destined for oblivion, Morgan showed up.



Hassler gets a hug from Stefan Effenberg after Hassler scored.

Germany Beats Sweden, 3-2, in Semifinal

By Ian Thomsen International Herald Tribune STOCKHOLM — As if the game were contested in a smoky pool hall, Germany has played true to its soul only when the pot was worth winning. Its 3-2 semifinal victory Sunday night in the European soccer championship came at the expense of the host, Sweden, whose advancement satisfied its national following and maintained the vibrancy of this tournament in its first week, when the Germans, among others, were disappointing in their resolve.

Germany now awaits the outcome of the second semifinal in Gothenburg on Monday night between Denmark and the favored Holland. The world champion Germans anticipate a final rematch Friday in Gothenburg against the Netherlands, the defending European champion, which beat Germany, 3-1, in the last preliminary Thursday.

"This is the first time in the tournament we've played for 90 min-

utes," said the German manager, Bert Vogts. "Hopefully in the final we'll see the same team, though it will be a completely different match if the opponent is Holland."

Much to the disappointment of their hosts, these Germans bore little resemblance to those that won just one of three matches in the previous week. Sweden had advanced on the legs of a constant attack, but it could not imagine how to escort Tomas Brodin past the German midfield. The two Swedish goals were the result of a Brodin penalty shot and a last-minute header by Kennet Andersson.

Through the midfield funnels of Thomas Hassler and Stefan Effenberg, who is attempting to replace the injured Lothar Matthäus, the Germans built incessantly to the striker Karlheinz Riedle, the planet around whom orbited most of the Swedish defenders. As well as scoring Germany's last two goals, he was either passing wide to teammates such as Matthias Sammer or earning fouls on the fringes of the

box, such as the one that created Hassler's direct kick from the top of the arc.

From almost the same spot, Hassler had scored Germany's most important goal of the tournament, earning a 1-1 draw with the Commonwealth of Independent States in the 90th minute of their opening match, a result that ultimately advanced Germany to this semifinal.

The only difference between this direct Hassler kick and the first one was that the Swedish goalkeeper Thomas Ravelli, watching on television, saw the first one. Hassler duck-hooked his 22-meter shot around the seven-man Swedish wall, and Ravelli didn't react until he felt it whizzing past him into the left corner. It was only Germany's second go-ahead goal of the tournament.

Not only were the Germans playing with an efficiency truer to their reputation, they no doubt were aided by Sweden's loss of de-

fenders Stefan Schwarz and Patrik Andersson, suspended from this match for earning two yellow cards earlier in the tournament. Suddenly the Swedes, having allowed just one goal in the previous three matches, were beset with cavities in their defense.

Another foul, to Riedle, gave Anders Bremsne a clear 25-meter drive that that rocked Ravelli's crossbar. At the end of the half another Bremsne shot, this one from 30 meters off another indirect touch, was rescued by Ravelli at his left post.

At last the Germans pulled away in the 59th minute when Sammer, accepting a give-and-go up the left side from Hassler, played the ball into the stride of Riedle, who from near the penalty mark merely deflected the ball inside the right post for a 2-0 lead.

Just as the small band of German fans was threatening from its corner perch to outcrier its hosts, Swedish midfielder Klas Ingesson

was being taken down from the rear by Thomas Heimer, chasing a ball down the right flank in the box. Brodin converted the penalty into the left corner, then swirled away in his now famous counter-clockwise corkscrew celebratory leap — with three goals, he had become the tournament's leading scorer. More important was that the Swedes, without having built up a true scoring threat, were nonetheless within a goal of forcing overtime.

But the best they could do was respond to Riedle's goal from 6 meters set up by Heimer in the 88th minute. Before their fans could stop sighing, Kennet Andersson was outscoring the German goalkeeper, Bodo Illger, to head in the final goal. Germany merely had to ride out the final minute.

"I still believe Bodo Illger is a good goalkeeper," Vogts said. "But on the score at 3-2 he was a bit overconfident. He has apologized, and that's all there is to that."



Guido Buchwald of Germany (left) and Tomas Brodin of Sweden fighting for the ball in their semifinal of the European championships.

Hässler, the Littlest Big Man, Is Standing Tall for Germany

By Rob Hughes International Herald Tribune STOCKHOLM — Germany's path toward yet another major soccer final becomes the fulfillment of a little man.

Thomas Hassler once asked his mother why he drew the short straw when so many Germans were bred so strong and strapping. Fran Hassler responded with words to the effect that a man's worth must be measured more in heart and mind, perhaps he was destined to be irreplaceable in life.

At 1.68 meters (5-foot-6) the smallest player in the European championship, Hassler has grown in stature game by game. On Sunday night, he set his country's course by scoring his second unstoppable free-kick goal of the tournament.

More impressively, he has taken the mantle of midfield boss that belonged to Germany's injured captain, Lothar Matthäus. Indeed, it is because the dominant Matthäus, skipper of the winning 1990 World Cup team, is not here that Hassler has breathed his own effervescence.

At 26, he is growing before our eyes, not in centimeters — a battle lost long ago — but in self-belief and stature.

Hassler, the pimply, scurries here, there, everywhere. The Swedes, debilitated by the suspension of Stefan Schwarz, simply could not nail him down. They knew the little No. 8 would scheme, but they did not know how, when or where.

Sweden's goalkeeper, Thomas Ravelli, knew Hassler would take any free kick within range of his right foot. But Ravelli, a veteran of 92 internationals, had no clue how to eliminate the threat.

It came as early as the 12th minute, when Jan Eriksson crudely body-checked Karl-Heinz Riedle just outside the penalty box. The eyes of Ravelli always seem to have a Popeye stare; now they positively radiated apprehension.

Ravelli set his defensive wall from a memory. Like every goal here, he had noted the free-kick Hassler curled into the top corner of the CIS net, escaping the left hand of Dimitri Kharin to save Germany in its opening match.

Unfortunately for Ravelli, Hassler struck the ball flatter and straighter, and the goalkeeper with the staring eyes was cast to stone. Wrong-footed, he simply did not move.

So Hassler, in his 32d game for Germany, lifted his score to five goals. He knows it should be more. "My head wants me to have a goal," he admitted before the tournament began. "But my legs don't respond."

Hassler, of course, found the space to connect the second goal, which, despite later scores of no real consequence, sealed the victory.

By now bamboozled, Sweden neglected to watch Riedle and gave him a negligible amount of time and room to score the first of two easy goals.

This maturing of Hassler has embarrassing overtones for Italy. Juventus had seen the potential of Hassler first, had spent \$8 million on importing him from Cologne, but within one season it seemed as if the club and the pressure were too big for him.

Giovanni Trapattoni, a coach who likes German thoroughbreds, sold Hassler on to A.S. Roma, for close to another \$8 million, where once more he struggled to impose his talents.

Ironically it was Roma's other German, Rudi Voller, who did most to keep the faith and the spirit high for Hassler; ironic, because Voller broke his arm and has been a bystander at this tournament.

"There is as such imagination," Voller said. "He plays always for the team — you cannot leave him out."

For a time, Roma did, and perhaps as a legacy, Hassler seems to have energy to burn here in Sweden. In every match, even the one where the Netherlands played rings around Germany, he was the German star. The runt of the team, he stands in spirit head and shoulders above the rest.

SWEDEN — Thomas Ravelli, Roland Nilsson, Jan Eriksson, Joachim Björklund, Roger Ljung, Joakim Nilsson (Anders Limpar 60), Klas Ingesson, Jonas Thern, Kennet Andersson, Tomas Brodin, Martin Dahlin (Johnny Ekstrand 73).

GERMANY — Bodo Illger, Stefan Reuter, Thomas Helmer, Jürgen Kohler, Guido Buchwald, Andreas Brehme, Matthias Sammer, Stefan Effenberg, Thomas Hassler, Karlheinz Riedle, Jürgen Klinsmann (Thomas Heimer 80).

Referee: Tullio Lancini (Italy).

'Sudden Death' Ruled Out

UEFA, the governing body of European soccer, has rejected the idea of introducing sudden-death overtime at the European championship. Reuters reported from Gothenburg, Sweden.

Lennart Johansson, UEFA's president, had said he favored playing indefinite overtime until a goal was scored to decide the semifinals and final when play was tied after the regulation 90 minutes. The sudden-death solution would have replaced the usual 30 minutes of overtime followed by a penalty shootout if a match was still even.

But UEFA's European championship committee decided Saturday to stick to the present rules. FIFA, the world federation, had warned last week that there should not be indefinite overtime for medical reasons.

SIDELINES

Russell Wins Lyon Golf

LYON (Reuters) — David J. Russell of Britain won only the second victory of his 17-year European golf career in the Lyon Open on Sunday, with a six-stroke lead over the field.

Russell had a closing round 66 for a 21-under-par total of 267, the lowest winning score this season. He played the entire 72 holes without a bogey.

Brett Ogle of Australia bettered Russell's final round by two strokes with a closing 64, which earned him second place at 273, and American Jay Townsend (65) had his best finish in Europe for third, along with Paul Broadhurst (67) of Britain, at 14-under 274.

Record in Harness Racing

EAST RUTHERFORD, New Jersey (AP) — Artplace toyed with the field of pacers in the fastest mile ever in harness racing — 1 minute, 49 2/5 seconds — in the Driscoll Series second leg at the Meadowlands.

Artplace turned in 27 2/5 seconds in the last quarter for the world record. The time eclipsed the previous record of 1:49 3/5, held by Call For Rain and Nihilator.

New Coach at Real Madrid

MADRID (AP) — One of the Spanish soccer's most successful coaches, Albacete's Benito Floro, is to take over from Leo Beenhakker of the Netherlands as coach of Real Madrid, news reports said Saturday.

Floro will coach Real for the next two seasons, the Spanish news agency EFE said. Floro, 40, took Albacete from second division B in 1989 through second division A to place it in the first division for the first time in the club's history.

For the Record

Christian Schenk, the Olympic decathlon champion who has had an elbow injury, failed to qualify for the German team for Barcelona.

Zola Pietreanu, the distance runner who won fame under her maiden name of Budd, won a place on the first South African Olympic team since 1960.

Charmaine Bernard, South Africa's national triple jump champion, long-distance runner Annette Schoeman, shot putter Erik Roos and marathoner Chad Matthews were suspended after testing positive for drug use.

Monica Seles has changed her mind and will be listed as a Yugoslav at Wimbledon after all, instead of from Sarajevo, Florida.

Amabelle Mesa, Cuba's top featherweight boxer and the Pan-American champion, has been expelled from the national team for attacking a teammate, the National Boxing Commission said.

Fear and Awe at the Green One: Wimbledon

By Robin Finn New York Times Service

WIMBLEDON — Wimbledon, the big green one, the only Grand Slam played on a living surface that inspires and repulses and sometimes inspires along with the players who dare to tread on it, starts Monday, and an anxious Martina Navratilova is testing the lawn. She is squinting like a jeweler searching for that perfect emerald. Navratilova is no gardener, but she knows magic-carpet quality grass when she sees it.

This year marks the 20th anniversary of a Wimbledon career that has brought her a record nine titles on the elusive surface that is all the more prestigious for being almost obsolete. The current crop, barely 10 months old, irrigated by a deluge late last week and pristine for the moment, makes her smile.

Navratilova got hoodwinked on this same species of

flora only last week at Eastbourne, bounced in the second round from an event she'd won 10 times. But she preferred to blame that loss on the capricious British wind, not the capricious British grass. Wimbledon has already seduced her again.

"It's all special because it's Wimbledon," she said. "This is where the tennis players want to be, and the better athlete you are, the better you'll be on grass. If you have quick hands, the grass rewards you more than others."

She went on: "And if there's bad grass, well, that can be a great equalizer. You have to allow for its imperfections, and yours."

No wonder nearly every player in the draw, No. 1 or not, seems to harbor equal parts of fear and fascination for what lies in store underneath.

Jim Courier, ranked No. 1, believes he can treat the

surface the same way he treats his opponent, like a faceless entity. But his counterpart, Monica Seles, who has defied accusations that she skipped Wimbledon last year in part to preserve her top ranking, admits that the grass scares her.

"This is a tournament that I haven't won yet, and I'd love to win it," said Seles, whose stoic exterior has helped propel her to titles in her last five Slams but who seems tongue-tied on the subject of winning here.

"I can't go to net, I freeze, I just get scared from it," she said. "But coming here, if I don't change my philosophy of how to play on grass, I think I'll have a tougher time."

Courier, top-seeded here despite his quarterfinal finish last year, claims to be immune to grass.

"The court is still the same dimensions," Courier said. "I don't think it requires a different psychology from me."

He nonetheless compared his grass court prowess to that of Ivan Lendl, the former No. 1 ranked player, who took allergy shots so that he could actually become immune to grass.

"I look at myself as a Lendl on grass," said Courier. "Not a comfortable player on the grass, but one who can play well on it at times."

Courier, who has not played a grass event since last year's Wimbledon, is a banger and grinder not overly fond of the intangibles of this ever-changing surface. But he has made tangible improvements to his game that cannot help but help him on grass. He has come up with a firmer volley and has finally gotten the proper grasp on the brand of backhand slice that will make him far less reluctant to gravitate toward.

"I like my chances against anybody on any surface in the world: It's as simple as that," Courier said after successfully defending his French Open title earlier this month. "Certainly Boris and Stefan and Stich and Sampras are more suited to grass, but I feel very good about the way I played last year. I certainly feel I'm a better volleyer. I move better up at the net this year than last year. But who's to say someone's not going to knock me off first round?"

That sort of delectation has happened here even to the grass-court titans. It happened to Stefan Edberg last year when he was ousted in the semifinals by Michael Stich.

"I love playing on grass," said Edberg, whose serve-and-volley game has again made him a favorite among his peers to prevail here, "but it can be frustrating."

Peugeot Wins 24-Hour Le Mans

LE MANS, France — Peugeot dominated the Le Mans 24-Hour race almost from the start to win Sunday to give France its first title in 12 years.

France's Yannick Dalmas and Britain's Derek Warwick and Mark Blundell held first place from the second hour. They finished more than six laps ahead of a Toyota on the 13.6-kilometer (8.45-mile) circuit.

It was the first time since 1980 that a French-built car had won the race. The late Jean Rondeau, constructed and helped drive his car to victory that year, before British Jaguars and German Porsches dominated in the 1980s. Both factory-backed teams have dropped out of the endurance race recently, while Peugeot returned to racing.

"We had a lot of preparation for this. We went through six 24-hour tests before we got here," Warwick said.

The winners covered 352 laps, a distance of 4,791.2 kilometers (2,974.40 miles) to average 199.34 kilometers per hour (123.89 miles per hour).

Masamichi Sekiya of Japan, Pierre-Henri Raphanel of France and Kenny Acheson of Ireland drove for the second-place Toyota. Another Peugeot was in third, with Mauro Balchi of Italy and Frenchmen Philippe Alliot and Jean-Pierre Jabouille. They had the fastest qualifying time.

OUT OF THE LOOP? AT&T USADirect Service can get you back to the office from over 100 countries.

Table with columns for various countries and their AT&T USADirect service numbers. Includes countries like Argentina, Australia, Austria, Belgium, Canada, etc.

